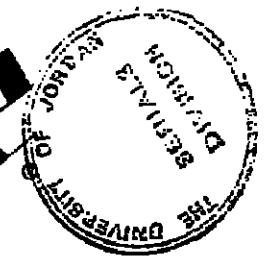


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U.S. Waves the Asia Card In Stalled Trade Game

White House Threatens to Look to East If Europeans Block a GATT Agreement

By Thomas L. Friedman

WASHINGTON — If the European allies do not show more flexibility in the stalled global trade negotiations, Washington will move quickly to develop an alternative trading association with Asia, the Clinton administration has warned.

In a briefing with reporters at the White House, a group of senior administration diplomats and trade officials said they were treating the economic summit meeting in Seattle this week as an opportunity to lay the groundwork for a possible trading association, if the stalled negotiations with Europe over the General Agreement on Tariffs and Trade are not completed.

The Asia Pacific Economic Cooperation forum, which includes the United States and Canada, opens in Seattle on Wednesday and will be followed by a meeting of top leaders of member nations, including President Bill Clinton. It is the largest meeting ever of American and Pacific leaders.

"The Europeans have to recognize that APEC can be a building block," a senior administration official said. "If GATT is a failure, APEC stands out there as an alternative way."

In Brussels on Tuesday, European officials warned the United States against playing an Asian card in global trade negotiations, saying that any attempt by Washington to team up with Asian countries against Europe would doom the talks and propel the world into competing trading blocs, Tom Buerkle of the International Herald Tribune reported, Page 13.

Asian leaders have been cool to the idea of transforming the Asia-Pacific forum into a trading bloc, and it is not at all clear whether the administration could convince them in that direction. Still, the administration's blunt threat underscores Washington's broad disenchantment with seven years of global trade

talks that have been stymied by squabbles with Europe, particularly France, over its reluctance to cut farm subsidies.

"I think that our trading relationships in the Pacific will be enhanced by this APEC meeting," the senior official said.

If the GATT talks fail, he said, "there is some risk that the world economic system will be in turmoil." But he added that APEC could be "an antidote, particularly to European stubbornness" and that it could "stand as a beacon toward which we can turn."

A successful meeting in Seattle, the official predicted, would "put some additional pressure on the Europeans." And he said the pressure would be stronger if the North American Free Trade Agreement were approved. That accord comes up for a vote in the House of Representatives late Wednesday.

The official said that although things might "look a little lousy" for the European Community, the "antidote" to that is a multilateral trade agreement called GATT.

Of the effort to strengthen the Asia-Pacific forum, the official said: "We are just beginning to develop an integrated architecture for APEC. The very fact that APEC leaders are getting together takes it to another level of integration."

Mr. Clinton's authority to negotiate a global trade deal effectively expires on Dec. 15, so if an agreement cannot be reached by then, the administration will have to win congressional approval of an extension, which could be difficult in light of the recent fight over the North American Free Trade Agreement. This party explains the urgency with which the administration is trying to pressure the Europeans with the Asia-Pacific forum.

Explaining this stance, the senior administration official said that the French would never make the necessary concessions unless they

See GATT, Page 13



Mr. Clinton and Vice President Al Gore conferring Tuesday as the White House sought votes to get the trade accord through the House. "We're getting there," Mr. Clinton said.

Victory Is in Sight On NAFTA Vote, Clinton Asserts

Momentum Building for Approval As Deals Lure Wavering Lawmakers

By Lawrence Malkin

WASHINGTON — With the decisive congressional vote on the North American Free Trade Agreement 24 hours away, Clinton administration officials claimed victory Tuesday in a bruising race where votes were trading for favors across party lines.

Counts of those declaring themselves for the trade agreement with Mexico and Canada put the vote at 206 in favor and 200 against, the first time it had tilted on the side of the pact.

The vote could still swing back and forth until 8 o'clock on Wednesday night, since 28 members of the House of Representatives remained undecided. Nevertheless, the administration was apparently closing fast on the 218 votes it needed for approval.

Thirteen more undecided members joined the president's camp on Tuesday, and more of the undecided were reported wavering. The bait ranged from barriers against Canadian wheat, to appease prairie-state legislators, to tighter controls on the import of Mexican winter fruit and vegetables to decrease competition with crops grown in Florida.

Privately, administration officials said they had enough votes to win, but in public, although understandably more cautious, they depicted their bandwagon as rolling to bring doubters aboard.

President Bill Clinton told reporters: "I feel good. We're getting there." David Gergen, counselor and chief image-maker to the president, went on television to announce that the White House was estimating conservatively that it was only a dozen votes short, but that approval was all but assured.

"I think it might be a little closer than that," Mr. Gergen said. "A number of people are privately committing to vote for NAFTA, but they haven't yet come out publicly."

"We think for the first time that the pro-NAFTA forces have finally caught up with the anti-NAFTA forces, and the momentum is clearly with the pro-forces," he added.

Victory for the president is as important as his one-vote victory was in the Senate earlier this year for his deficit-reduction program, and will probably be tactically similar. He has made the trade accord a do-or-die vote on the prestige of his administration and the ability of the executive to conduct international negotiations and have them approved by Congress. But this political battle is infinitely more complex than the one over the deficit-reduction program.

Republicans in the House are backing the trade agreement, but not all of them. Some will vote against it simply to help bring Mr. Clinton down. The public opposition ranges from nativists who fear Mexican immigration to ecological opponents of Mexico's tuna-fishing industry, which is accused of catching dolphins in its nets.

Populist opposition has been crystallized by Ross Perot, the billionaire Texas businessman who is bankrolling a campaign against the agreement as a way of damaging Mr. Clinton and building himself up for another presidential run in 1996.

But all these elements have been given real weight by the opposition of the labor unions, whose members are frustrated, angry, and

Mr. Clinton is determined to inject new life into his presidency. Page 3.

NAFTA optimism pushed the Dow industrials to a record close. Page 12.

frightened by a decade of industrial downsizing that has cut away at their job security by sending manufacturing jobs abroad.

Although hundreds of thousands of jobs have already been moved to Mexico without any governmental blessing and the trend probably will continue even if the trade agreement fails, the leadership of the largest U.S. labor organization, the AFL-CIO, has been calling in the political debits it has built up over years with election contributions and get-out-the-vote drives for members of Congress from industrial states.

On Monday, political connoisseurs were treated to the spectacle of no less than the House Democratic whip, David E. Bonior, leading an anti-NAFTA rally of union workers on the steps of the Capitol. Mr. Bonior is from Michigan, where the United Auto Workers can make or break a Democratic candidate for office. He has claimed that there are 222 votes in the House against the bill, but Mr. Gergen said Tuesday that they were "peeling away."

If the trade accord fails to pass the House, it will die, but if it passes, it is assured of fairly easy approval in the Senate.

A senior Democratic senator from a big industrial state said privately that he was relieved not to have to show his traditionally free-trade profile on the front lines. He predicted that the legislation would pass the House by one vote, See NAFTA, Page 8

Banned Book Details Chinese Army's Anger With U.S.

By Patrick E. Tyler

BEIJING — A Russian diplomat browsing through a book stall here recently came across this title: "Can the Chinese Army Win the Next War?"

On the cover, President Jiang Zemin was quoted as saying: "We must win high-tech small-scale wars under modern conditions."

Inside, the book identified the United States as China's principal military adversary in the future and sketched eight war scenarios, including the retaking of Taiwan, war on the Korean Peninsula and China's seizing oil fields in the South China Sea.

"Although at present, China does not pose a real threat strategically to the United States, the United States still consid-

ers China as a hypothetical target in its regional defense strategy," the analysis states, adding: "Because of serious opposition and differences in ideology, social system and foreign policies between China and the United States during a fairly long period of time, it would be impossible to fundamentally improve Sino-U.S. relations."

It was extraordinary that such a document could be published in China, which treats any discussion of military strategy, doctrine and planning as the most treasured of state secrets.

But this thin book, which was later banned and recalled by Communist Party authorities, is now a widely circulated attraction in Beijing's diplomatic quarter.

Western officials have linked it to a general effort by some hard-line officers of the People's Liberation Army and their

allies in retirement and in academia to mobilize public opinion against China's potential enemies.

The appearance of this book and others like it, as well as recent leaks to Hong Kong newspapers indicating major disaffection in the People's Liberation Army over China's recent disputes with the United States, underscores the damage to China-U.S. military relations that the Clinton administration is trying to repair.

It also emphasizes the extent to which China's military leaders have begun to challenge the civilian authorities over the future policy of the world's most populous country.

From interviews with diplomats here who have contact with See ENEMIES, Page 8

In the Heartland of China, The Market Is Back Again

By Kevin Murphy

CHENGDU, China — It is not official yet, but China's vaunted austerity drive is all but over in the capital of Sichuan, its most populous province and a national granary deep in the heartland.

Shoppers clog the streets late into the night, and new restaurants serve the region's fiery cuisine washed down with expensive imported cognac. Cranes swing over building sites from dawn to midnight and traffic appears to worsen by the week. Business people say that after a lean few months they are gearing up for rapid economic growth again.

"The people here today think the worst is over," said an investor jostling through Chengdu's unattended, but nonetheless jammed, outdoor stock market, where thousands of buyers and sellers trade locally issued shares.

"Stock prices went way down in July and August," said the investor, a teacher. "They stayed the same in September and October. Now they're going back up again."

Local investor confidence mirrors larger events in Beijing, where Communist Party officials charting the course of China's economic development urged on Sunday a continuation of the push for "sustained, high-speed and

healthy" growth as laid out by the nation's foreign leader, Deng Xiaoping.

Foreign analysts and Chengdu business people alike interpret such sentiment as a de facto easing of the austerity drive ordered in July by Deputy Prime Minister Zhu Rongji. Scattered but violent protests over falling living standards and onerous local government levies in the Chengdu region were among the catalysts that shocked Beijing into action to gain control of its economy.

"With the recent circulation of the third collection of Mr. Deng's speeches, we knew we could start planning for a bigger year next year," said Mao Shiyuan, managing director of Chengdu Western Auto City Co., which is building the largest auto sales, parts and service center in southwest China. "It means the austerity policy has achieved its expected results."

In Chengdu, many big property development plans have gone into limbo as bank loans dried up and local authorities began investigations into funding sources. The projects are likely to remain shelved for some time.

The underground stock market, while rebounding, now attracts only a fraction of the 100,000 traders it claimed in May and June.

"What Mr. Zhu wanted to tighten were the property sector and so-called development

See CHINA, Page 13



DOTTED LINE — Helmut Kohl and Li Peng, center, presiding over the signing of German-Chinese economic agreements. Page 15.

For Oswald, a Twisted Road to Dallas

By George Lardner Jr. and Walter Pincus

WASHINGTON — Less than two months before the assassination of President John F. Kennedy, Lee Harvey Oswald sat in a consular office at the Soviet Embassy in Mexico City, pleading desperately for a visa to return to Russia and tearfully claiming persecution by the Federal Bureau of Investigation.

"I am afraid they'll kill me. Let me in!" he sobbed, and with that pulled a revolver out of his jacket, according to an inside account by the KGB officers who dealt with him of Mr. Oswald's perplexing visit to Mexico 30 years ago. Their story is contained in a new book,

"Passport to Assassination," which, along with interviews and newly released U.S. government documents, draws a much fuller picture of Mr. Oswald and what may have driven him to shoot the president of the United States.

The Soviet portrayal of Mr. Oswald as a nervous, agitated man obsessed by what he regarded as the FBI's invasion of his life reinforces the possibility that he was on the edge of violence unless he could escape from the United States, particularly from the bureau. Having defected to the Soviet Union in 1959, he had been disenchanted with life there and left. Now he was disenchanted again.

In late September 1963, while his pregnant wife and first child went off to live with friends in a Dallas suburb, Mr. Oswald traveled from

New Orleans to Mexico City to try to get a transit visa to Cuba, with the Soviet Union as his final destination. But he was told at the Cuban Consulate on Sept. 27 that the Cubans would not let him travel to Havana unless he first obtained a visa to continue to Russia.

At the Soviet Embassy that afternoon, Mr. Oswald met with a consular official named Valeri Kostikov, in reality a Soviet KGB officer whose specialties included assassination.

One of the first things Mr. Kostikov recalled of this initial meeting was that Mr. Oswald said that "he lived for a while in the Soviet Union" and that he kept repeating that "the FBI is after him." Late for a luncheon date, Mr. Kostikov

See OSWALD, Page 4

Hosokawa Wins Key Vote on His Reform Plans

By James Sterngold

TOKYO — Japan's political world lurched a step closer to the most sweeping changes in the postwar era on Tuesday when the government of Prime Minister Morihiro Hosokawa broke a five-year deadlock and won a key vote on a package of bills that would reshape the corruption-tainted electoral system.

The dramatic vote took just a few minutes, with members of a parliamentary committee standing up to vote in an ornate chamber, occasionally hooting their approval or disapproval. But it was a coup of immense proportions for the reform-minded Mr. Hosokawa and, political experts said, a sign that Japan is finally casting off its Cold War political order.

The bitter battle over electoral reform brought down the last two governments and ultimately ended 38 years of one-party rule by the Liberal Democrats this summer. Mr. Hosokawa, a highly popular conservative politician, has staked the future of his frail, seven-party coalition government on enacting the legislation, which would redraw the election districts, reapportion seats and limit corporate political donations.

But with the vote, the product of a marathon of delicate negotiations and some strong-arm tactics, Mr. Hosokawa appears certain to gain approval for the package of four bills by the full lower house of Parliament on Thursday.

That means the upper house of parliament will most likely have time to debate and pass the bills before year-end, bolstering what are already the highest approval ratings any prime minister has enjoyed since World War II.

That is likely to shore up the unusual coalition of right- and left-wing parties Mr. Ho-

See JAPAN, Page 8

A Duty-Free Eden Feels Short-Changed by Dublin

By James F. Clarity

SHANNON, Ireland — Here on the western edge of Europe, Shannon International Airport — arguably the birthplace of Irish coffee and site of the world's first duty-free shop — has provided a good living for tens of thousands of people for 48 years.

Before the age of huge jet transports, nearly all trans-Atlantic flights stopped here to refuel. And the government in Dublin required all flights from North America to stop here on the way in and out of the country.

This was vital to the tourist business in the west, but an annoyance for passengers who wanted to go directly to Dublin. No other country in Europe had such a hurdle en route to its capital city.

But the government announced recently that beginning in

April 1994, trans-Atlantic passengers will have a choice of flying directly to Dublin, with a last-leg hop back to Shannon. And the people here, along the banks of what James Joyce described as "the dark moutinous Shannon waves," feel that harder times may be coming and that the politicians and businessmen in Dublin, 150 miles (240 kilometers) to the east, are to blame.

"Disaster," said the headline on the editorial of the area's largest newspaper, The Limerick Leader, adding that Shannon's "days as a world airport are numbered." Deploping "Dublin's weasel words," it said "the scale of the betrayal is unprecedented," and argued that the Dublin-direct system would deprive the Shannon area of passengers who bring the money it needs to survive. The area has 11 percent of the national population and the national unemployment rate of 20 percent.

"Shannon won't survive on Irish coffee and duty-free shops," said Tom McInerney, general manager of Aer Lingus trans-Atlantic operations. He said Aer Lingus and Delta Airlines, the only two companies with regular trans-Atlantic service here, were still required to provide passengers the option of flying to Shannon, with the same number of flights as scheduled for Dublin.

Last year, of the 669,701 trans-Atlantic passengers to Ireland, 55 percent went only to Shannon. And the people here fear that that will decrease as travelers discover Dublin and never manage to work their way back west.

Dublin, an area with one-third of the national population of 3.5 million, feels it needs the business.

"It's going to be very bad for us," said Deirdre O'Callaghan, who works in the Floral Occasions shop in the airport. The

See EIRE, Page 8

Kiosk

Court Backs Gay U.S. Naval Cadet

An Annapolis midshipman who was expelled from the United States Naval Academy because he told a classmate he was a homosexual in 1987 won his appeal to a federal court, which ordered the Pentagon to reinstate him.

"America's hallmark has been to judge people by what they do, and not by who they are," Chief Judge Abner Mikva wrote for the panel in Washington, in a case that could become a legal landmark under the Clinton administration's contested "don't ask, don't tell" policy concerning homosexuals in the armed services. (Page 3)

West Scraps COCOM

WASSENAAAR, Netherlands (Reuters) — Western nations on Tuesday agreed to scrap COCOM, the body established during the Cold War to prevent Communist nations from getting sophisticated Western military technology.

Sports

There are two soccer teams in Ireland, and they meet in a World Cup qualifier full of symbolism. Page 21.

Year	High	Low	Open	Close
The Dollar				
DM	1.706	1.6905		
Pound	1.4905	1.4885		
Yen	108.75	108.685		
FF	5.908	5.878		

Book Review Page 9.

Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Comoros.....700 CFA	Qatar.....8.00 Riels
Guam.....11.20 FF	Saudi Arabia.....5.00 R.
Egypt.....E.P. 5000	Senegal.....480 CFA
France.....9.00 FF	Spain.....200 PTAS
Gabon.....480 CFA	Tunisia.....1,000 Din
Greece.....280 Dr.	Turkey.....T.L. 10,000
Ivory Coast.....560 CFA	U.A.E.....8.50 Dirh
Jordan.....1 JD	U.S. Mail (Eur.) 91.10
Lebanon.....US\$ 1.50	

Israel Tells Settlers Not to Retaliate

By Clyde Haberman
New York Times Service

JERUSALEM — After weeks of frequently rampaging against Palestinians to vent their anger over a burst of killings in the West Bank and Gaza Strip, Israeli settlers were warned by the army Tuesday that it would act "firmly and aggressively" to stop the disturbances.

Similar warnings came from the country's political leaders, who said that, while they understood the rage over recent killings of Jews in the occupied territories, they would crack down on settlers who crossed the line of legitimate protest.

"If anybody thinks that he will attack innocent people and cause turmoil, and that the army, police and government will do nothing, he is making a mistake and a very big one," Justice Minister David Levi said.

The army said in a statement that it would use "reasonable force" to quell settler riots, but did not spell out what that meant. Nonetheless, the announcement raised a specter of possible clashes between Israeli soldiers and some of the roughly 130,000 Jewish settlers, who accuse the government of abandoning them to terrorists with its agreement to start withdrawing its forces next month from the territories and to create a Palestinian self-rule there.

A first test of the new army policy came Tuesday in the West Bank city of Hebron, but nothing seemed to have changed.

Residents of nearby Jewish communities, raging against an attack on one of their own by an extremist Arab on Monday, stormed through the predominantly Arab city, as they have in other parts of the West Bank over the last few weeks. They smashed car windows, overturned vegetable carts and manacled store owners, who lowered their shutters to protect their merchandise.

Elsewhere, armed settlers have fired at Palestinian bystanders and rampaged through refugee camps, breaking windows and setting houses ablaze. On Saturday night, a Palestinian man was shot and seriously wounded by someone in a group of Israelis from the town of Beit El who were trying to set fire to

a chicken farm where a settler was killed on Oct. 29.

The continued random violence brought protests Tuesday from Palestinian leaders, who demanded that Israeli officials do more to stop the attacks.

Deadline Is in Jeopardy

A handover of authority in the occupied lands appears increasingly unlikely by the Dec. 13 deadline set down in the Israel-PLO peace accord, Israeli and Palestinian officials said Tuesday. The Associated Press reported from Jerusalem.

A holdup in the autonomy plan would delay the start of Israeli troop withdrawals from the territories, seriously undercutting the accord at a time when public support seems to be eroding because of the mounting bloodshed.

An Israeli official said Yasser Arafat, leader of the Palestine Liberation Organization, should be doing more to curb the violence in the territories, and one of Mr. Arafat's own allies said he should be doing more on behalf of the autonomy plan.

A Palestinian source at the Israel-PLO talks in Cairo said the sides were so far apart that negotiations may go on longer than expected.

The major points of contention, the source said, are the scope of the PLO's pullout from the Gaza Strip and Jericho on the West Bank and the fate of thousands of Palestinians held in Israeli jails.

In Jerusalem, Haim Ramon, Israel's health minister, said the PLO was "not very organized" and that talks on transferring authority in Gaza and Jericho might not be complete by Dec. 13.

Prime Minister Yitzhak Rabin was quoted in Israeli media Tuesday as saying, "I wouldn't fall off a chair if it took another month to reach an agreement."

In southern Lebanon, Muslim guerrillas on Tuesday launched their heaviest assault on an Israeli-controlled area since Israel and the PLO signed their peace accord two months ago, security sources said.

Israeli warplanes retaliated with raids on guerrilla bases in eastern Lebanon, the sources said. A guerrilla radio station and a military base in Syrian-controlled Bekaa took direct hits, they said.



Residents examining the roof of a house in the village of Majdel Selim in Lebanon after a reprisal raid by Israeli helicopters for attacks by Hezbollah on the Israeli security zone in South Lebanon. Israeli warplanes later bombed Hezbollah sites in eastern Lebanon.

Muddle Stalls Palestinian Central Bank

By Barry James
International Herald Tribune

Plans for a Palestinian central bank are snagged over questions of who should control it and what its role should be, according to financial sources.

Even if there is no practical immediate need for a bank — the new Palestinian interim authority will have no money to put in it, and there are no commercial banks to regulate — the creation of such an institution is seen as a way of affirming Palestinian sovereignty, the sources said.

A precedent exists in the former Palestine Currency Board, which printed money pegged to the English pound beginning in 1927.

Although Yasser Arafat, chairman of the Palestine Liberation Organization, is reported to have signed the order setting up a central bank, its scope and nature are still unclear.

International aid donors have made it clear they want the interim administration to create neutral and technically efficient financial structures.

But the sources said some PLO factions want to bring the territory's financial institutions under their political control.

This would not necessarily lead to efficient financial structures, according to a senior Palestinian banker in Europe, because PLO officials for the most part "have been concentrating on political and military aspects, and have

little experience of civil life." Thus they could not pretend to international credibility.

There are many Palestinian bankers in the Gulf, Europe or the United States with the necessary technical skills, but without political weight.

"The typical technocrat is someone like me who has had a liberal education in the West and would somehow stand in the middle," said the Palestinian banker, who is Oxford-educated and describes himself as apolitical.

"The middle is a dangerous place to be because you stand a high risk of being knocked down by either side."

A senior official of the World Bank, which is coordinating the international aid, warned earlier this month that unless the Palestinians establish autonomous and credible financial institutions, there could be delays in providing pledged assistance totaling \$2.1 billion over five years.

The PLO has created the Palestine Economic Development and Reconstruction Authority to manage aid programs, but international donors are not convinced of the institution's independence, according to the official.

The donor countries would want guarantees about the independence and transparency of a central bank, the Palestinian banker said. Even so, the bank could face hostility from neighboring countries.

"I think the Israelis and the Jordanians will

be hostile to the idea for the simple reason that to set up an independent central bank with its own currency means that the population of the occupied territories will have to convert their savings, which are now held either in Israeli shekels or Jordanian dinars, into the new Palestinian currency," the banker said. "If this were to happen, it would put pressure on the foreign-exchange reserves in both countries."

"Nevertheless, I am convinced that the partners to the peace accord — that is to say, the Americans and the Europeans — are going to be in favor of a central bank" as part of an evolution toward sovereignty.

"It will in my view take a few years," he said, adding that the nucleus of a central bank could be created quickly with technical assistance from other countries.

The Institute for Social and Economic Policy in the Middle East at Harvard University says a central banking authority in the occupied territories would have four principal roles in its early stages:

- Regulating new and existing commercial banks.
- Regulating such nonbanking financial intermediaries as insurance companies.
- Collecting financial data and advising the interim authority on macroeconomic policy.
- Sharing responsibility for the creation and operation of such financial institutions in the public sector as a post office savings-account system.

WORLD BRIEFS

Shell Oil Gives In to Haitian Pressure

PORT-AU-PRINCE, Haiti (Reuters) — Motorists formed long lines for fuel Tuesday in the Haitian capital after Shell Co. Ltd. resumed sales despite a United Nations oil embargo aimed at punishing the country's military rulers.

A court last week ordered Shell, along with Exxon Corp. and Texaco Inc., to sell whatever fuel remained in their huge storage tanks in Haiti. The two other companies were expected to follow Shell's lead, which diplomats said would help the army continue clinging to power for at least several more weeks. "How can the embargo work if the stations are selling gas?" asked an aide to Prime Minister Robert Malval. "This will just prolong the crisis."

The oil companies had said they would not comply with the court order because of the month-old embargo. But the country's National Association of Gasoline Distributors threatened to use police force and to arrest company officials if they continued to withhold gasoline stocks.

Marines Detected Gas in Gulf War

WASHINGTON (Reuters) — A Marine Corps chemical warfare expert in the Gulf War said Tuesday that his unit had detected poisonous gas in the air at least twice at the start of the five-day allied ground war against Iraq.

Both times, Chief Warrant Officer Joseph Cottrell told senators at a hearing, his unit "detected blister agent at levels below immediate threat to personnel." He said the chemical was Lewisite blister gas, which can raise blisters on the skin, impair fighting ability and is fatal if inhaled in high concentrations. The gas contains arsenic.

Warrant Officer Cottrell's testimony indicated for the first time that American units had detected low levels of chemicals during the Gulf War. A Czechoslovak monitoring team also found gas in the air earlier in the war, according to a report that became public last week.

Algeria Court Sentences 37 to Death

ALGIERS (Reuters) — An Algerian court sentenced 37 Muslim militants to death on Tuesday for crimes including the murder of 21 people, the Algerian press agency APS reported. Thirty of the accused were sentenced in absentia.

The Algiers special court, sitting in the town of Média, 65 kilometers (40 miles) southwest of the capital, also sentenced 63 other defendants in the same trial to prison terms ranging from three years to life.

At least 357 fundamentalists have been sentenced to death in Algeria since a state of emergency was imposed in February 1992. Of these, 26 have been executed. The authorities decreed the state of emergency after an outbreak of street violence that followed their cancellation of a general election in which the now-banned Islamic Salvation Front had taken a huge first-round lead.

Diana Reflects on Life's Experience

GORSLAS, Wales (Reuters) — Diana, the Princess of Wales, apparently in a reflection on her own experience, said Tuesday that one of life's greatest challenges was learning to like yourself and coming to terms with personal problems.

The 32-year-old estranged wife of Charles, Prince of Wales, widely reported to have suffered from an eating disorder associated with a poor self-image, was speaking during a visit to a center for young drug addicts.

"Everyone has to come to terms with their own problems," she said. "Learning to like yourself is the hardest thing." Diana is reported to have struggled for several years with the eating disorder bulimia, a syndrome of overeating and then vomiting.

Britain Denies Contacting Sinn Fein

BELFAST (AP) — The senior British official in Northern Ireland denied Tuesday that Britain had contacts with Sinn Fein, the political front of the IRA, this year, as the party's leader claimed.

Geny Adams, president of Sinn Fein, said Monday that "representatives of Sinn Fein have been in protracted contact and dialogue with the government." Sir Patrick Mayhew, Britain's secretary of state for Northern Ireland, disputed Mr. Adams. "Nobody has been authorized to talk or negotiate on behalf of the British government with Sinn Fein," Sir Patrick said on Tuesday.

Prime Minister John Major reassured Monday that the government would be willing to talk to Sinn Fein once the IRA called off its violent campaign against British rule in the province.

TRAVEL UPDATE

The first tickets for the Channel tunnel will go on sale Jan. 12, four months before the train link between France and Britain opens to passengers May 6, Eurotunnel said Tuesday. The company said that fares had yet to be set but that they would be similar to those charged by Channel ferries and would vary according to the season. (Reuters)

Frightened by a series of murders, Lisbon taxi drivers blocked access to the capital's major bridge and snarled rush-hour traffic Tuesday to protest their working conditions. The drivers called for heightened security on the night shift and legislation approving a plastic divider between passenger and driver. (AP)

Greece called on private companies to draw up plans for ferrying water to Athens to fight a prolonged drought that threatens to leave the capital's four million inhabitants without water by mid-1994. Officials said the plan most likely to go into effect was the transfer of water by tankers from lakes and rivers in central Greece. (Reuters)

Behind Israel's Pitch for U.S. Jets: Peace Requires a Hi-Tech Defense

By Daniel Williams
Washington Post Service

WASHINGTON — A U.S. offer to sell Israel high-performance fighter jets is in part a response to Israeli pleas that the approach of peace requires injections of higher technology weapons.

Defense Secretary Les Aspin discussed the potential sale of U.S.-made F-15 fighter-bombers with Prime Minister Yitzhak Rabin of Israel.

U.S. officials said that whether Israel decided to buy them depends

in part on whether it was willing to accept an F-15 upgraded to a model called the F-15I, which the United States is offering.

"We have started the discussion now," Mr. Rabin said Tuesday. "We will continue through this week and I hope that by the end of this week, or later, a decision will be made."

Administration officials said that Israel was wrangling over the price of the F-15Is and that it wants to buy 20 for \$1.8 billion over the next decade. The money would

come from the annual \$1.8 billion U.S. military aid package for Israel.

Israeli officials said their nation was trying to arrange for a sale that might include F-15s but also other models to give Israel the most for its money, especially in the area of long-range capabilities.

According to reports on jet capabilities, the F-15Is would be the most sophisticated attack jets ever sold by the United States. The model is similar to the F-15XP being sold to Saudi Arabia, but upgraded to meet Israeli specifications for long-range, nighttime and heavy weather attack.

The jets would supplement Israel's fleet of 150 F-16 jets along with the several dozen more it plans to buy. Israeli leaders agree that peace with longtime enemies requires that Israel ensure a technological military edge over its neighbors.

UN Researches HIV Barrier

GENEVA — The World Health Organization said Tuesday that it was developing research for a product that may revolutionize the global AIDS battle by giving women the chance to protect themselves against HIV infection.

The UN agency said scientists, drug companies and regulators had all backed research into a new gel or foam spray that would destroy the HIV virus in women's vaginas.

But a reliable vaginal microbicide or viricide could be still a few years away. In fact, WHO said, some studies suggest using such spermicides — especially in frequent, high doses — could cause damage to a woman's vagina in such a way as to increase the risk of HIV transmission.

Iraqis Protest in Kuwait, Attack on Post Reported

KUWAIT — Hundreds of Iraqis entered Kuwait on Tuesday and demonstrated against a border security trench being dug by the emirate. Kuwaiti later reported that Iraqi troops had shot at a Kuwaiti border post.

Official Kuwaiti statements said that Iraqi soldiers had opened fire at a Kuwait border post in the same sector of the border where the demonstration took place. The reports did not say when the firing occurred.

United Nations observers could not immediately be reached for comment on reports of the shooting, which were carried by the official Kuwaiti press agency, KUNA.

The agency quoted a security source as saying that a number of Iraqi military personnel traveling in five civilian cars had opened fire

at Kuwait's Al Mazara police post.

A cabinet statement and a security source quoted by the agency said that 350 Iraqi protesters, who were accompanied by Iraqi and foreign journalists, had entered Kuwait and tried to tear workers at the site of the security trench.

Diplomats said that the Iraqis left peacefully after two hours, when UN observers intervened.

The incursion occurred two days before the UN Security Council was to hold a regular, 60-day review of economic sanctions against Baghdad for its 1990 conquest of Kuwait.

It took place in a sensitive northern sector of the border where Iraqi farmers will shortly be required to leave farms defined as being inside Kuwait under a UN demarcation completed earlier this year, the sources said.

On a Siberian Farm, New Values and New Fears

By Margaret Shapiro
Washington Post Service

MARYANOVKA, Russia — Something strange happened recently on a collective farm in the wide-open Siberian steppe, a place where the habits and attitudes instilled by seven decades of communism are just starting to recede.

Days after President Boris N. Yeltsin signed a decree making private property legal for the first time since the 1917 revolution, a businessman from the nearby city of Omsk showed up at the 6,000-hectare (15,000-acre) Iskra cattle and grain farm here and offered to buy its ramshackle buildings and some of its land.

His offer produced shock and terror. "If the land is sold, where would we go?" asked Lydia Predige, 42, a worker in the farm cafeteria. But it also showed that the great changes sweeping Russia are finally beginning to brush the countryside.

Across the huge and troubled expanse of rural Russia, things are no longer as they once were, when the Communists of the Kremlin dictated even the smallest details. Today, Russia has out loose the collective farms, hallmarks of the Soviet system that believed big and state-controlled was better. In place of the old certainties have come

indebtedness, collapse and anxiety about the future, but also grudging adaptation to a new fate that most realize cannot be reversed.

"In two years' time people's mentality has really changed," said Boris Antonov, head of the regional administration here. "Reality has changed."

The Iskra farm, for instance, is now officially a "joint stock company." Each of the 1,870 residents owns a portion and all jointly possess the equipment.

In some respects, the change has been in name only: Most of the land is still farmed collectively under the supervision of the farm director, and people work much as they always did — as shift employees just doing a job rather than as farmers working their own land.

"When we divided up the land and gave it to the people, we thought they would work differently," said Iskra's director, Anatoli Kutz. "But it didn't happen. Nothing

changed." But in fact, many things have changed in the past year. Iskra now has 30 private farmers, members of the old collective farm who decided last winter to take their portion of land and equipment and strike out on their own.

Two years ago, such a development was unthinkable, so ingrained was the hostility toward private property. Said one of the private farmers, Alexander Chubarov, 37, who has become a strong Yeltsin supporter: "Today I have the feeling that I am my own master."

Other Iskra land has been turned into a community of dachas, or summer cottages.

"Before, we were embarrassed to say that the real stimulus to work is money. We'd say we were enthusiastic and working for the good of the state," Mr. Kutz said. "Now we're trying to come up with a new system."

No one at Iskra is interested in selling any of the farm's land now, although Mr. Kutz did not rule out such a step in the future.

At the farm's food store, such an idea remained daunting. "We are close enough to a city that someone who is rich might just come and buy us up and throw us out of work," said Olga Belkova, a farm accountant. "Then what would we do?"

And Another Nail in Lenin's Coffin

MOSCOW — The historic Lenin Museum beside Red Square closed Tuesday for the last time under orders from President Boris N. Yeltsin, museum officials said.

The red-brick building will be used to house the future Moscow city Duma, or council, and the collections of Lenin memorabilia will be put in storage until a decision is made on where to move them.

The museum's director, Vladimir Medvedchenko, said that he had been notified

earlier Tuesday of a decree by Mr. Yeltsin ordering museum employees to close the building and leave the premises by Tuesday evening.

Mr. Medvedchenko's secretary said the letter from Mr. Yeltsin promised that the museum's 140 employees would be paid their salaries for the next several months and would be helped to find new jobs.

Lenin's embalmed corpse remains in a mausoleum on Red Square, but is expected to be removed in the near future.

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STATESIDE / SETTING THINGS RIGHT

Back to Basics: Clinton Sounds Themes That Got Him Elected

By Thomas L. Friedman
New York Times Service

WASHINGTON — On the evening of Friday, Nov. 5th, with press reports mourning about a White House in disarray, his biggest foreign policy vote looming, and health care reform still in draft form, President Bill Clinton invited a dozen scholars to his home to pick apart his presidency and help him set things right.

The sociologists, intellectuals and presidential scholars gathered in the White House dining room, from Richard Neustadt to William Julius Wilson. According to participants, it was a no-holds-barred session, with the president taking notes on a napkin. The sociologists hammered at Mr. Clinton on the importance of jobs for restoring structure, order and

a tear to reinvigorate his presidency. His almost obsessive campaign to secure passage of NAFTA, coupled with last week's impassioned speech to black leaders about crime, seem to have brought him brought him back to two of the core themes that helped him to get elected.

The themes — of responsibility of families and individuals to repair the social fabric around them, and engagement in the world economy as the engine for American economic growth — were crucial to Mr. Clinton's definition of his new Democratic philosophy.

Two of the most pivotal moments of his campaign were when he bluntly told black leaders that an essential ingredient for confronting the disarray of black communities and families had to come from within and when he told the AFL-CIO during the Michigan primaries that protectionism in international trade could never bring American economic renewal.

It is not surprising that Mr. Clinton seems to be rediscovering his voice because of the heat of the campaign over NAFTA, which has pitted the president against a large, old-line segment of his own party — organized labor.

Throughout the campaign he always seemed at his most pointed, and always most clearly defining of his own political identity, when doing combat with traditional Democrats — whether it was preaching tolerance to Orthodox Jews in Brooklyn, or responsibility to supporters of Sister Souljah, or the virtues of NAFTA to the AFL-CIO.

But these themes at times seemed to get lost or overwhelmed by other issues in the first year of the Clinton presidency. Homosexuals in the military, the budget fights, the abortive Lani Guinier nomination, stops and starts on health care, and Somalia all seemed to drown them out.

Now, in the last few weeks, partly by accident, partly by design, the president has returned to the main themes with vigor. The passion about which he spoke about both in recent days seemed to remind not only the public, but also himself, what his presidency was supposed to be about.

Court Backs Naval Cadet Ousted for Being Gay

WASHINGTON — A federal appeals court ordered the United States Naval Academy on Tuesday to graduate a midshipman who was expelled after saying he was a homosexual and directed the Pentagon to commission him as an officer.

The three-judge panel unanimously ordered the navy to grant the midshipman, Joseph C. Steffan, his diploma and to place him in the ranks of navy officers. The navy had no immediate response to the decision.

Midshipman Steffan was forced to resign from the academy in 1987 before he was set to graduate because navy investigators confirmed that he had told a fellow midshipman that he was gay. He sued the navy, but a lower court judge dismissed the lawsuit.

In its decision on Tuesday, the U.S. Court of Appeals for the District of Columbia Circuit said navy rules requiring the midshipman's expulsion from the academy "solely because he admitted his homosexual orientation are not rationally related to any legitimate goal."

"America's hallmark has been to judge people by what they do, and not by who they are," Chief Judge Abner Mikva wrote for the panel. "It is fundamentally unjust to abort a most promising military career solely because of a truthful confession of a sexual preference different from that of the majority, a preference unaccompanied by even a scintilla of misconduct."

The panel ordered the navy to grant Mr. Steffan his diploma from the United States Naval Academy, reinstate him to military service, and commission him as an officer.

Midshipman Steffan resigned from the academy six weeks before he was scheduled to receive his diploma and be commissioned. He left after a special review panel recommended that he be discharged for "insufficient aptitude for commissioned service."

The appeals court noted that his "superiors never asserted that Mr. Steffan had engaged in homosexual conduct, and he never admitted to any."

"On its face, therefore, his discharge seems unrelated to any conduct — his statement revealed nothing more than a sexual orientation," the court said.

Midshipman Steffan's forced discharge occurred under navy policies that have since been modified by the Clinton administration's "don't ask, don't tell" rule.

Under the new rules, which are being challenged in the court, gay servicemen who reveal their sexual orientation can still face discharge. But the Clinton policy forbids military officials from asking about a recruit's sexual orientation.

The decision was joined by Circuit Judges Patricia Wald and Harry Edwards. All three judges are appointees of former President Jimmy Carter.

The panel also found that there was no rational basis for the navy's ban on gay officers and enlisted personnel. It ruled: "The secretary's justification for the gay ban presumes that a certain class of persons will break the law or the rules solely because of their thoughts and desires. This is inherently unreasonable."

The presumption that a gay servicemen will act on his sexual orientation is unjustified.

The judges said that "by firing Mr. Steffan purely for his 'inclinations and fantasies,' the secretary sought 'to control the minds of those in the military.'"

Earlier this year, a federal judge in Los Angeles ordered the navy to reinstate Petty Officer Keith Meinhold, declaring that the military's ban on gays was unconstitutional. In September, the judge, Terry Hatter, broadened his injunction to apply to all gay military personnel.

The Supreme Court partly lifted the injunction last month, saying it only applied to Mr. Meinhold while Judge Hatter's ruling is being reviewed by the 9th Circuit Court of Appeals.

NEWS ANALYSIS

discipline to the lives of black youths caught in the cycles of inner city violence and broken families.

From the political theorists came the message that the Clinton presidency still lacked broad, unifying themes and that the president must better articulate the larger moral purposes of his presidency.

On crime, that meant making the point that crime was not only about fear of physical violence but also about the unraveling of the moral resources that the communities together and give people a sense of place. And on the North American Free Trade Agreement that meant making the point that it is not just about trade and tariffs, or even jobs, but about America's willingness and ability to tackle the future with confidence.

And from the presidential historians came the argument that the president had to be more comfortable with his frustrations — that is, Washington may be a mean town, the press may be cynical, but instead of crying about it the president had to try to get above it — to regard his presidency not just in terms of legislative successes but also in terms of exercising moral leadership and viewing the presidency as a bully pulpit.

Since that dinner Mr. Clinton seems to have gone on

Catholic Bishops Back Bernardin

By Gustav Niebuhr and Edward Walsh
Washington Post Service

WASHINGTON — Archbishop William H. Keeler, president of the National Conference of Catholic Bishops, brought nearly 300 bishops to their feet in sustained applause with a strong statement of support for Cardinal Joseph Bernardin, accused last week of sexually abusing a high school student in the 1970s.

Cardinal Bernardin "has chosen to treat serious allegations seriously," said Archbishop Keeler of Bal-

timore. "We support him in doing so, and we express our complete confidence in his ultimate vindication."

Archbishop Keeler spoke Monday at the start of the bishops' semiannual conference.

The accusation against Cardinal Bernardin, archbishop of Chicago, and another priest was made in a \$10 million lawsuit filed on Friday in U.S. District Court in Cincinnati by Steven Cook, 34, a drug counselor in Philadelphia.

Mr. Cook said he recalled at least one incident of abuse between 1975

and 1977 in Cincinnati, where he was enrolled in a program for students interested in the priesthood and the cardinal then was archbishop.

Mr. Cook said he did not remember the abuse until last month, while undergoing therapy.

Cardinal Bernardin denied the accusation and said he had turned the matter over to the nine members of the Professional Fitness Review Board that he established in September last year to deal with such complaints against Chicago priests. He is considered a leader in efforts by the church to confront incidents of sexual abuse by clergy.

POLITICAL NOTES

New Assault on Waco Decisions

WASHINGTON — A Harvard professor retained by the Justice Department to review the government's tear gas assault on the Branch Davidian compound near Waco, Texas, said Monday that the FBI had helped drive cult members to mass suicide and then misled officials in the review that followed.

Contradicting the official review of the operation published last month by the Justice Department, Dr. Alan Stone said the government bore some blame for the deaths of 75 people, including 25 children, in the assault on April 19 that ended a 51-day standoff outside the cult's compound.

Dr. Stone, an authority on violence who sits on the medical and law school faculties at Harvard, said that although there was no intentional misconduct, FBI officials who were making decisions during the standoff had ignored their own behavioral experts and instead "embarked on a misguided and punishing law-enforcement strategy that contributed to the tragic ending at Waco."

Dr. Stone said there were "serious unanswered questions" about why Attorney General Janet Reno thought it would be safe to use tear gas "in a closed space where there were 25 children, many of them toddlers and infants."

"It is difficult to understand why a person whose primary concern was the safety of the children would agree to the FBI's plan," he said, referring to Ms. Reno's approval of the tear gas assault that ended when the cult's compound caught fire and burned to the ground in less than an hour. (NYT)

Looking for Fed's Mr. or Ms. Right

WASHINGTON — With one of the Federal Reserve Board's seven seats opening up in January, administration officials are narrowing a list of candidates, saying they want someone who is respected by the financial community and is tough on inflation, but who will also support the administration's goals for stronger growth.

The officials say they are being careful in preparing their list because they recognize that their first nomination for a 14-year Federal Reserve seat will send a strong signal to financial markets.

The list of more than a dozen candidates includes three high-level officials: Alan Blinder, a Princeton University professor and a member of the President's Council of Economic Advisors; Alice M. Rivlin, former director of the Congressional Budget Office and now deputy director of the Office of Management and Budget; and Alicia Munnell, former chief economist at the Federal Reserve Bank in Boston and currently assistant Treasury secretary for economic policy. (NYT)

U.S. Apologizes to Hawaiians

WASHINGTON — The House of Representatives joined with the Senate in approving a formal apology Monday to native Hawaiians for the U.S.-led overthrow of their monarchy 100 years ago.

The resolution acknowledges the American role in the rebellion that overthrew Queen Liliuokalani on Jan. 17, 1893, when Hawaii was an independent kingdom.

The United States annexed Hawaii in 1898 and it became the 50th U.S. state in 1959.

"This is of enormous significance to native Hawaiians," said Representative Patsy Mink, Democrat of Hawaii. (Reuters)

Clinton Moves a Child Porn Bill

WASHINGTON — Moving quickly to prevent a potentially serious political wound, the White House prepared a new law Monday that would increase prosecutions for distribution or possession of child pornography.

The measure, which was prepared under Mr. Clinton's orders and might be considered by Congress as early as Tuesday, would broaden the definition of child pornography in current law to include some depictions of children even if they are clothed. In the view of some civil liberties advocates, the legislation may also be so broad as to be unconstitutional. (NYT)

Quote / Unquote

Lane Kirkland, president of the AFL-CIO, contributing to the NAFTA debate: "The best thing that could happen to the Clinton administration is for this agreement to be voted down." (LAT)

Away From Politics

• About 250,000 students will fill out simpler financial aid forms, bypass banks and save money on their college loans next year, in the first step in a new program that may allow all college students to borrow directly from the government.

• Ushered into court to a chorus of boos and hisses, Joseph Buttafuoco was sentenced in Minicola, New York, to six months in jail for the statutory rape of Amy Fisher. She is serving a 5-to-15 year prison term for the wounding of Mr. Buttafuoco's wife, Mary Jo.

• The Anti-Defamation League will not be prosecuted in exchange for its payment of up to \$75,000 to fight hate crimes, District Attorney Arlo Smith of San Francisco said after a yearlong investigation into charges that the Jewish civil rights group had built a national intelligence network through illegal spying.

• A Cuban pilot loaded his family and friends into a crop duster and flew across the Florida Straits, adding 13 people to Miami's Cuban exile community. Alvaro Macial Hernandez Dominguez said he flew the plane on a four-hour, zigzag course to confuse Cuban radar.

• In his first interview since his wife cut off his penis, John Wayne Bobbitt said he might consider taking Lorena Bobbitt back if she asked forgiveness. Counseling would be needed, he said in the interview to be broadcast on the syndicated television program "American Journal." But he added, "I'm a very forgiving person."

• The number of New Yorkers who have been homeless in recent years is far greater than experts and advocates previously estimated, according to a new study. On any given night, there are about 24,000 people in the city's shelters. But the study found that 86,000 different individuals passed through the shelter system in 1992 alone. (WP, NYT, LAT, AP, WP)

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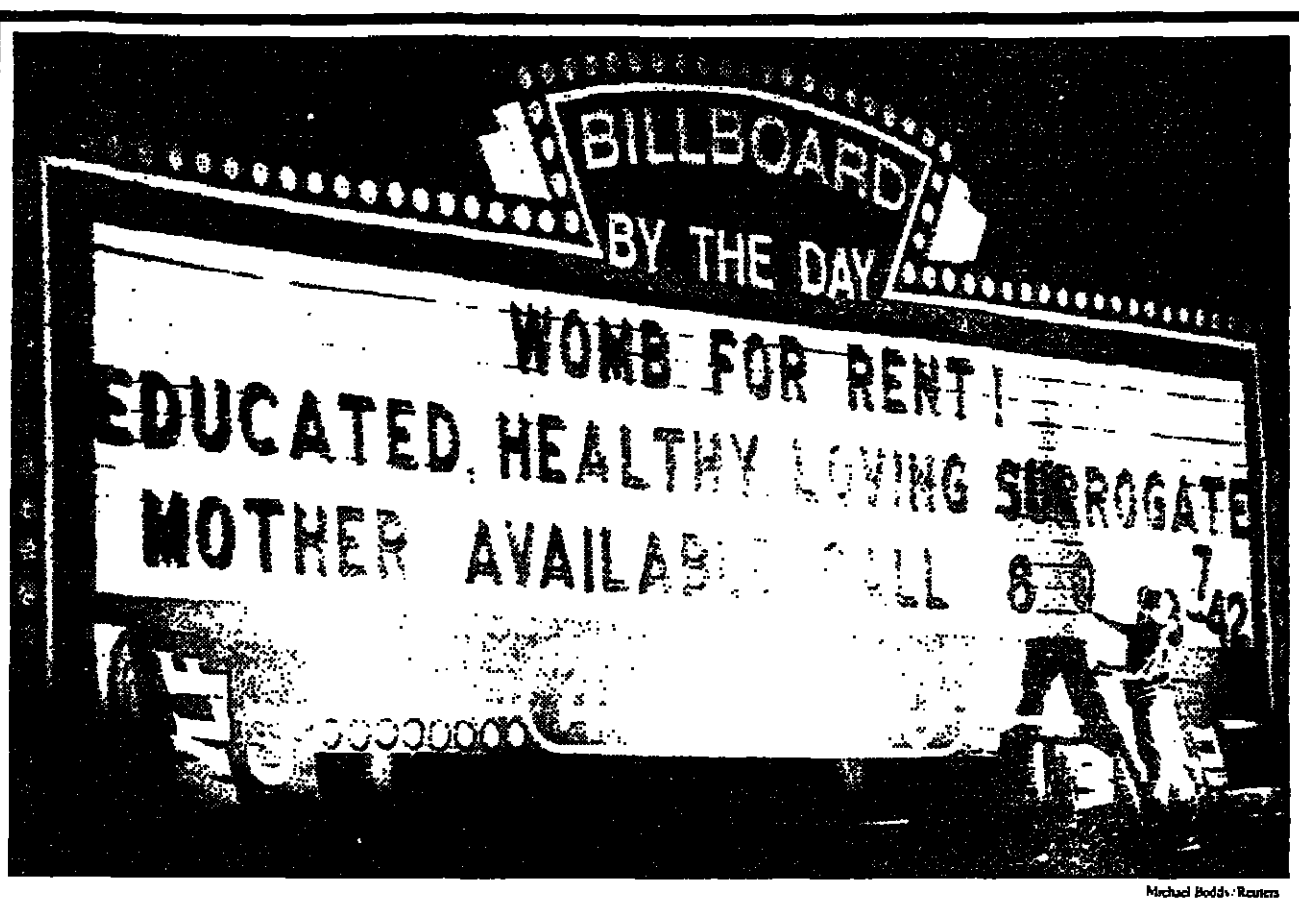
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AMERICAN TOPICS

Standardized Aptitude Tests Are Shifting to Computers

The Educational Testing Service, creators of uniform entrance examinations for college and graduate school, introduced a new computerized version of the Graduate Record Examination this week. By the 1996-97 school year, the present paper and pencil examination will have been phased out.

Computerization will also be extended to all the service's examinations, which are given to 9 million students in the United States and abroad every year — notably the Scholastic Assessment Test taken by high school students.

Instead of sitting in a room with hundreds of people on one of five annual test dates, students will be able to go to a computer center — typically in a shopping mall — and take an examination on any of 150 days or more a year. But the computerized test costs \$93, compared with \$48 for pencil and paper.

Instead of waiting four to six weeks for results to arrive in the mail, students will be able to press a key on their computer at the end of the exam and get their scores immediately.

And computerization means that instead of everyone taking the same test, students will start with a randomly selected question of medium difficulty. If they answer correctly, the computer feeds them a harder question; if they answer incorrectly, they get an easier question. The more difficult questions the student answers correctly, the higher the score.

Short Takes

Increasingly, church buildings whose congregations have moved away, especially in the inner cities, are being closed, sold and torn down to make way for stores and offices. This often brings not only cries of outrage from former members, but attempts to designate church buildings as landmarks to stave off demolition. Church officials, pleading that they are property-rich and cash-poor, argue that this violates the constitutional separation of church and state. "It seems like almost every major city has been affected," said Robert Jaeger, co-director of Partners for Sacred Places, a national group that tries to find new uses for churches on the brink of closure. "It's almost ubiquitous. Major dioceses that have not yet dealt with it will in the next few years."

Last Christmas, Tenzing & Pema in New York, styling itself a toy store for grownups, offered a four-foot (1.2-meter) tall inflatable doll of "The Scream," the angst-haunted subject of a painting by the Norwegian Edvard Munch. This year, in an adult variant of the old party game, "Pin the Tail on the Donkey," the store offers "Pin the Ear on Van Gogh." The game includes a reproduction of the self-portrait of the artist who once cut off his own ear, "complete with 12 removable ears. \$19."

The disposable diaper industry has introduced a new cloth-like product that fastens with Velcro. This may further shrink diaper

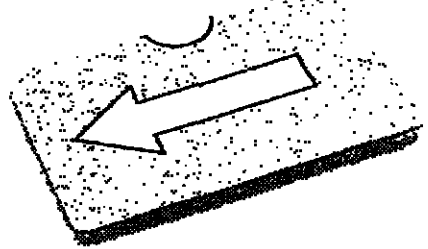
services, which rent cloth diapers, and which now have barely 10 percent of the market. The debate continues over which diaper is harder on the environment. Disposables take up room in landfills, although less per diaper now that they are thinner than ever. But cloth diapers use up hot water and therefore fuel.

When Barbara Streisand's home at Malibu escaped the recent wildfires that swept Southern California, Paige Rense, editor in chief of Architectural Digest, was relieved. The magazine's December issue has a 10-page spread on the Streisand mansion. Actually, Ms. Rense said, considering the long lead time required for magazine articles, "I fear divorce more than fire. If you show a happy couple and then by the time the magazine comes out they are divorced, it looks a little dated."

Last Christmas, Tenzing & Pema in New York, styling itself a toy store for grownups, offered a four-foot (1.2-meter) tall inflatable doll of "The Scream," the angst-haunted subject of a painting by the Norwegian Edvard Munch. This year, in an adult variant of the old party game, "Pin the Tail on the Donkey," the store offers "Pin the Ear on Van Gogh." The game includes a reproduction of the self-portrait of the artist who once cut off his own ear, "complete with 12 removable ears. \$19."

Arthur Higbee

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Tokyo's Summit Plan: Follow the Leader

By Sam Jameson
Los Angeles Times Service

TOKYO — According to Yoshiji Nogami, deputy director of the Japanese Foreign Ministry's foreign policy bureau, it "doesn't matter" that his country will make no major proposals nor even attract much attention when Asian and Pacific leaders meet in Seattle this week.

"There is no need to take initiatives," he said. "In whatever is proposed, in the end, Japan cannot help but play a major role" if the proposal is to succeed.

"If you exclude Japan from Asia, what do you have left?" Mr. Nogami asked rhetorically. "Excluding the United States, its GNP alone is bigger than that of all the other countries in Asia and the Pacific that are going to the APEC forum."

The official's comments on the Asia-Pacific Economic Cooperation forum, made in an interview, summed up not only the approach that Japan will be taking toward President Bill Clinton's extravaganza in Seattle but also the passivity that pervades Japan's Asian diplomacy — and is likely to continue to do so.

Japan, a reluctant giant, wants to be in on the decision-making but does not want to be the leader.

Asian memories of Japanese aggression and colonialism that ended 48 years ago are behind the Tokyo government's low-profile approach: remaining in the diplomatic shadows of a region that it now dominates economically with aid, trade and investment.

Through the peace treaty it signed with the United States and 47 other nations in San

Francisco in 1951, as well as bilateral treaties, Japan has disposed of its legal obligations to all of the countries that were its victims in World War II, Mr. Nogami said.

But it has not disposed of "moral" responsibilities to individuals, he added.

Now, under a new prime minister, Morihiro Hosokawa, Japan plans to try to resolve those obligations as well, Mr. Nogami said.

In addition to the well-publicized cases of Asian women recruited to provide sex for Japanese soldiers, he cited several other examples of such issues: the Chinese of Taiwan who fought for Japan but were never repaid money held in their savings accounts; Korean laborers taken to Sakhalin but left behind when the southern part of the island reverted to the former Soviet Union's control, and atomic-bomb victims now living in Korea.

"Hosokawa has put the problem on the table for solution," Mr. Nogami said. "Morally, as well as legally, we want to do something in a form that can be seen."

Diplomats, Mr. Nogami said, are now debating: "How far can we go?"

But even if Japan can come up with its own answer, he added, "some people in foreign countries will consider the answer sufficient; others will not. That means Japan's diplomacy will continue to be constrained in Asia."

But the problem of the sleeping giant runs deeper than just the war memories.

Although American leaders for nearly two decades have urged that Japan assume greater leadership in Asia, and American scholars have been predicting for almost as long that it would

do so, it is becoming clear that Japan does not want to assume leadership.

Some critics, like Yukio Matsuyama, a professor at Kyoritsu Women's University, even assert that Japan is incapable of leadership.

In its diplomacy, Japan acts like "a fire department," Mr. Matsuyama said. "It disposes of problems only after they occur."

"It has been passive for so long that it has no strategy or grand design of its own, or is afraid of advocating one," he said. "We have become a country of merchants."

Also, "Japanese culture doesn't create leaders who, on their own power without the backing of institutions, are capable of becoming leaders outside Japanese society."

"You can't become a leader by just dispensing money," he added.

Hugh T. Patrick, a Columbia University professor, said: "Japan has not developed a vision of what kind of world it would like and what Japan's role in it should be."

"Wait and see, delay and follow" are its standards for fixing policy, he said.

Even in the Uruguay Round of multinational trade negotiations, in which the interests of Japan as a trading nation are at stake, Japan has not been a leader, Mr. Patrick said.

Japan's diplomats flinch at even using the word "leadership" in describing their Asian policy.

Yoshio Okawara, former ambassador to Washington and now a Foreign Ministry adviser, for example, said the question should be "not leadership but rather what Japan can do to cooperate with Asia."

U.S.-China Accord Is Seen On Ending 2 Restrictions

SEATTLE — China's president, Jiang Zemin, and President Bill Clinton are expected to resolve the issues of U.S. sanctions on Beijing for alleged missile sales and China's blocking of U.S. investigations into exports of prison-made goods, sources from the two countries said Tuesday.

The sources include human-rights advocates who were briefed by U.S. administration officials and Chinese familiar with the thinking of government officials in Beijing.

In talks during this week's Asia-Pacific Economic Cooperation forum, the United States will offer to remove a ban on high-technology sales to Beijing, imposed because of alleged sales of M-11 missile technology to Pakistan, if China clearly agrees to restrict weapons proliferation in the future, the sources said.

U.S. companies eager to export high technology to China have put the Clinton administration under intense pressure to end the sanctions.

However, concerned that a new U.S. effort to improve relations may give Beijing a mixed message, more than 200 members of Congress have signed a letter to Mr. Clinton emphasizing that China's human rights situation must be improved.

In another key step, China is expected to agree to give greater access to U.S. inspectors trying to trace the export of prison-made products if Washington loosens restrictions on the import of two products previously suspected of having been made in jails.

In September, the commissioner of the U.S. Customs Service, George G. Weise, reported to Congress that the Chinese had responded to only 16 of 31 U.S. requests for investigations and only one of five requests to inspect suspected installations.

If the mood of the meeting with Mr. Jiang is good, Mr. Clinton is also likely to praise Chinese moves that may allow the International Committee of the Red Cross inspect Chinese prisons.

OSWALD: The Road to Dallas

Continued from Page 1

turned Mr. Oswald over to another KGB officer on consular duty, Oleg Nechiporenko, author of the book.

When Mr. Nechiporenko told Mr. Oswald that he could only get a visa in Washington in a process that would entail a four-month wait, Mr. Oswald shouted: "This won't do for me! This is not my case! For me, it's all going to end in tragedy!"

At that point, Mr. Nechiporenko, who was head of foreign counterintelligence at the embassy's KGB station, said he decided that Mr. Oswald was not worth further attention. Mr. Nechiporenko wrote: "It was perfectly clear that our own internal counterintelligence back home had already studied him. Now that he was under FBI surveillance, let him be their headache, I thought."

Mr. Oswald had not given up yet. He went back to the Cuban Consulate, where he claimed to have gotten a Soviet visa and now wanted a transit visa to Havana. The employee he spoke with, Silvia Duran, called to double-check. Mr. Kostikov told her the Soviets had promised Mr. Oswald nothing.

The upshot was another shouting match, this time between Mr. Oswald and the Cuban consul, Eusebio Azcue. Miss Duran told Mexican policemen after the assassination that Mr. Azcue had informed Mr. Oswald that people like him "were doing harm to the Cuban revolution" and ordered him to get out.

The next morning, Saturday, Sept. 28, Mr. Oswald returned to the Soviet Embassy while the KGB men were suiting up for a soccer game. This time, he was brought to a third consular official and KGB officer, Pavel Yatzkov, who remembered, according to a CIA report, that Mr. Oswald "was nervous and his hands trembled."

Within minutes they were joined by Mr. Kostikov, who spoke English. Mr. Oswald told his story again about his two and a half years in the Soviet Union and his return to the United States in 1962. According to Mr. Kostikov, Mr. Oswald even dropped hints that he had "supposedly carried out a secret mission" without specifying what it was or who it was for.

Mr. Oswald then repeated his request for a visa to Moscow and said he was "motivated by the fact that it was very difficult for him to live in the United States, that he was constantly under surveillance, even persecuted, and that his personal life was being invaded, and his Russian wife and neighbors interrogated."

"He claimed he lost his job at a photo lab because the FBI had been around his place of employment asking questions," Mr. Kostikov said.

"In recounting all this, he continually expressed concern for his life," Mr. Kostikov said. He described Mr. Oswald as "extremely agitated and nervous, especially whenever he mentioned the FBI."

It was at that point that Mr. Oswald pulled out the revolver and put it on a table, saying: "See? This is what I must now carry to protect my life."

Mr. Yatzkov grabbed the gun, took the cartridges out and put them in a drawer. When the meeting was over, Mr. Oswald picked up the gun again and put it in his pants, and Mr. Yatzkov gave back the bullets.

Mr. Nechiporenko was given access to Oswald's KGB files for his book, a concession others have been seeking for years. His presentation parallels much other information from both American and Soviet sources, but in some areas his facts are unique and so far uncheckable.

In the book, he quotes for the first time from a memo dated Nov. 27, 1959, on Mr. Oswald that was signed by the then foreign minister, Andrei A. Gromyko, and the then KGB chairman, Alexander Sholepin, at the direction of Anastas I. Mikoyan, a member of the Politburo.

The memo permitted Mr. Oswald to stay for a year, "keeping in mind that Oswald has not been sufficiently studied" to give him the citizenship he was looking for. This would also give the KGB time to determine whether he was an American spy. The KGB refused to let him reside in Moscow but agreed to Minsk.

There, the local KGB assigned his case to the so-called highest category, that is, one involving espionage," Mr. Nechiporenko said. "All means of available surveillance and countersurveillance tech-

nology were at the KGB's disposal, in addition to as much manpower as was needed to carry out round-the-clock observation of the subject."

On Dec. 21, 1959, the KGB opened an espionage file on Lee Harvey Oswald. Back in the United States, government agencies, including the navy, the FBI and the State Department, had already started their own files. Mr. Sholepin's successor as head of the KGB, Vladimir Semichastny, said in a recent interview that he got reports on Mr. Oswald "from time to time" while he was living in Minsk.

When the KGB intercepted Mr. Oswald's first letter to the U.S. Embassy in 1961 indicating that he was thinking of leaving the Soviet Union, it was immediately reported to Mr. Semichastny. "Thank God!" Mr. Semichastny remembers saying. "Immediately, we sent a note to the Ministry of Internal Affairs saying let him out."

Mr. Oswald, it is now clear, was subjected to tight surveillance in the Soviet Union, much tighter than he ever got from the FBI. Mr. Oswald's KGB file, Mr. Nechiporenko said, include reports from fellow workers, neighbors and even from several of the women he dated.

In Minsk, Mr. Oswald joined a hunting club at the factory where he worked and in August 1960 was permitted to buy a shotgun. After John F. Kennedy's assassination, there were early reports from a KGB defector that Mr. Oswald was a poor shot, but the Warren Commission was given access to top-secret intercepts in which Minsk military officials took credit for teaching him how to shoot, according to FBI reports.

An FBI report on a talk Mr. Oswald gave in the summer of 1963 noted that Mr. Oswald spoke of how much he enjoyed his weekend hunting trips outside Minsk.

At the end of 1961, according to Mr. Semichastny, the KGB decided "we were certain that this kind of person could not be a U.S. intelligence agent" and recommended to the Supreme Soviet that no obstacles be placed in the way of Mr. Oswald's departure. Soviet permission was granted in December, but the U.S. bureaucracy proved sluggish.

Fearful that U.S. intelligence might require Mr. Oswald to demonstrate his allegiance with some anti-Soviet activity, the KGB stepped up its surveillance. Mr. Nechiporenko reported. It soon discovered that Mr. Oswald was trying to build some bombs and had made "two iron casings" each with two compartments, "one filled with shot and the other explosives," as well as paper-tube fuses.

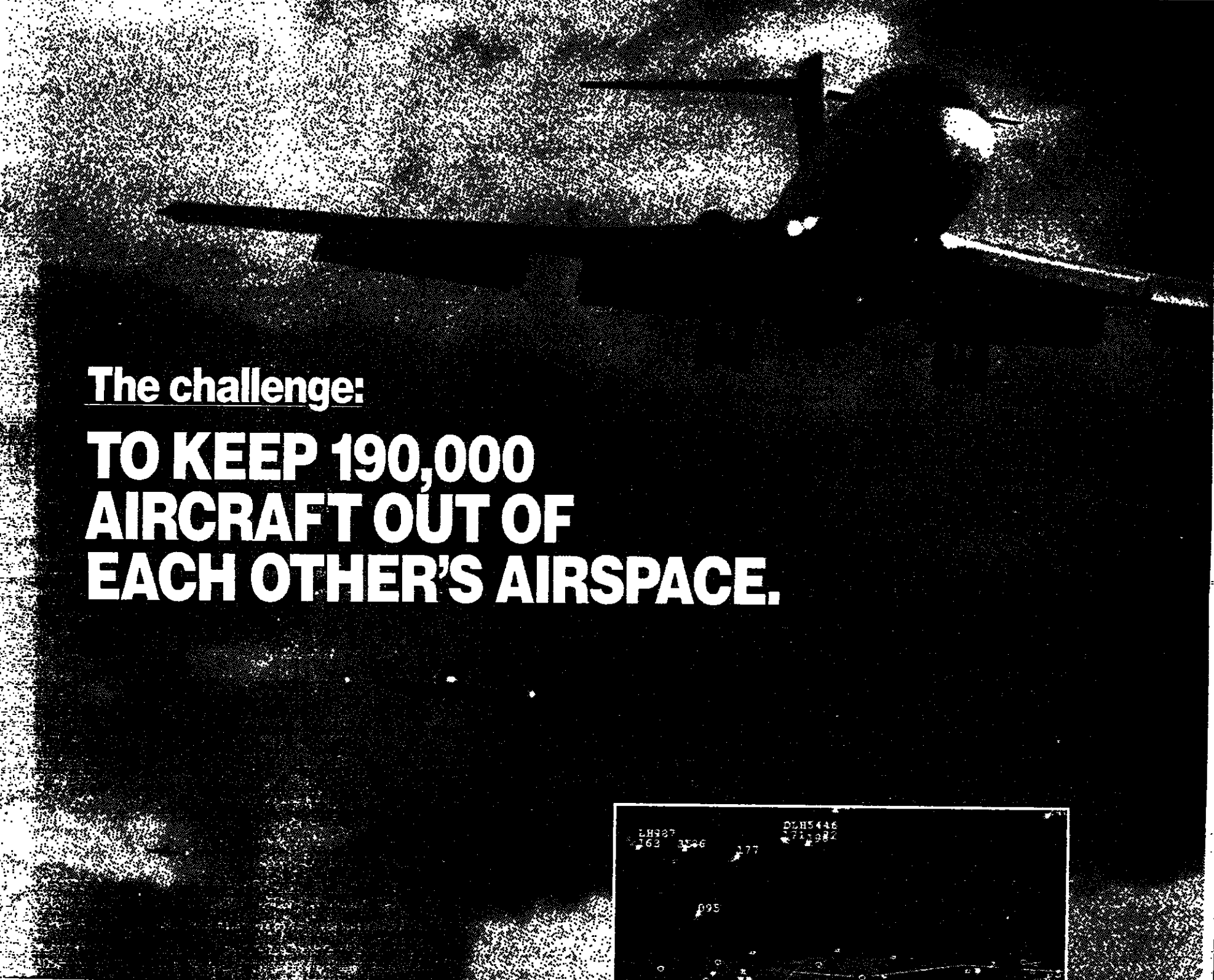
Surveillance was ratcheted up again, "especially before different celebrations, congresses and high-level political meetings," Mr. Nechiporenko said; but ultimately, Mr. Oswald threw away the bomb casings. "The KGB was greatly relieved, but it did not discount the possibility of another weird act before his departure," the retired KGB colonel said.

All this was on the KGB's mind in late September 1963 when their Mexico City station cabled Moscow for instructions on how to deal with Mr. Oswald's newest request for a visa. By the time of the assassination, the KGB files also contained a Nov. 9 letter that Mr. Oswald wrote to the Soviet Embassy in Washington, reporting on his trip to Mexico and his description of yet another confrontation with "the notorious FBI."

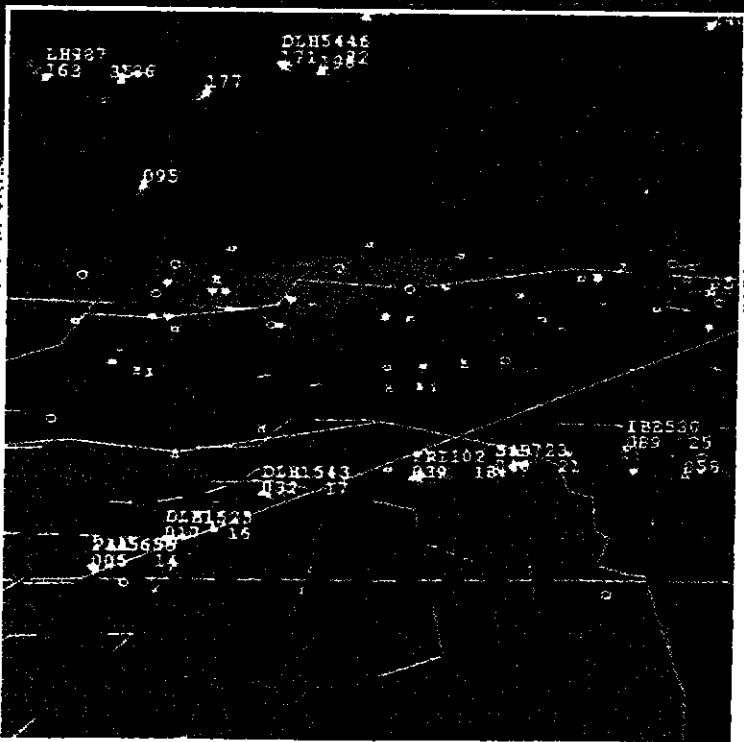
Still pressing for a visa, Mr. Oswald said he had been "warned" that the FBI would "take an interest" in him again if he tried his Fair Play for Cuba committee activities in Texas. He also complained that an FBI agent "suggested" to his wife, Marina, that she could remain in the United States under FBI "protection." Mr. Oswald said he objected strenuously.

The Byelorussian KGB in Minsk warned Marina Oswald back "for propagandistic purposes," but Moscow said no. The KGB there and the Foreign Ministry rejected her request Oct. 7, 1963, while her husband's request was still pending. The KGB in Minsk was informed of the decision about Marina Oswald in a letter dated Nov. 22, 1963, the day President Kennedy was killed.

When Mr. Oswald's picture flashed onto television screens in Mexico City later that day, Mr. Kostikov rushed into Mr. Nechiporenko's office and shouted: "Oleg, they just showed the suspect in Kennedy's death on TV! It's Lee Oswald, the gringo who was here in September!"



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China Acts to Quell Political Dissent

Agence France-Press
BEIJING — The police confirmed Tuesday that they had arrested two members of Peace Charter, a new pluralist movement, only hours after the group was formed. "Qin Yongqian and Yang Zhou have been detained, and we are investigating their case," an spokesman at the Public Security Bureau said.

Mr. Qin and Mr. Yang were questioned early Monday in a Beijing apartment and then taken away, said Zhou Guoqiang. Their arrests came the same day as Chancellor Helmut Kohl began his official visit to Beijing, and was seen as a move that underscored Beijing's will to crush all political dissent at its earliest stage.

Mr. Qin and Mr. Yang are among the nine dissidents who founded the Peace Charter on Sunday — coinciding with a party plenum on economic liberalization — to support a multiparty political system and speak out against violence.

The group also wants the release of all political prisoners in China and for exiled persons to be allowed to return to the country.

Peace Charter had planned to launch a national campaign to gain support and establish branches in Wuhan and Shanghai, the home towns of the two men.

The arrests follow a wave of political repression aimed notably at

dissident circles in Shanghai where several "counterrevolutionaries" have been arrested.

At the same time, however, the authorities have freed several dissidents since the beginning of this year, including the country's most famous prisoner, Wei Jingsheng, and the man who came to symbolize the pro-democracy movement in Beijing, Wang Dan. All were near the end of their prison sentences.

Analysts noted that on the one hand, the Chinese leaders will not allow their power and that of the party to be brought into question, but on the other are obliged to make concessions to satisfy the West.

Officials with Mr. Kohl presented a list of 18 political prisoners to China. The list included two of the main leaders of the 1989 pro-democracy movement, the journalists Chen Ziming and Wang Juntao.

Mr. Kohl himself raised the rights issue when he met Monday with Prime Minister Li Peng, German sources said Tuesday.

Human rights will also be discussed Saturday when President Bill Clinton meets President Jiang Zemin in Seattle at an Asian Pacific Economic Cooperation forum.

Analysts said Western pressure was likely to win freedom for other dissidents but unlikely to shake party determination to stamp out any political opposition.

Siege Ends Peacefully At Mosque In Kashmir

Agence France-Press
SRINAGAR, India — Armed Muslim guerrillas entrenched in the Hazratbal mosque gave themselves up on Tuesday after holding out for a month against an Indian Army siege of Kashmir's holiest Islamic shrine.

The peaceful end to the standoff at the white-marble shrine dispelled weeks of tension in the Kashmir Valley and evoked reactions ranging from relief to disbelief.

A total of 65 rebels and Muslim worshippers, trapped in the mosque since Oct. 15, offered prayers inside the shrine, then they emerged before dawn in small groups and surrendered to the authorities.

Wearing heavy wool sweaters and wrapped in blankets, the militants and the civilians were frisked by troops who lighted the lakeside complex with floodlights.

Later, they were all served hot tea.

The last group to come out of the mosque on the banks of Srinagar's Dal Lake laid down weapons, including 13 AK-47 assault rifles, a heavy machine gun, a rocket launcher, four grenades, a sniper's rifle and a pistol.

The surrender began about 2:30 A.M. and was completed by 5 A.M.

Following the surrender, troops equipped with metal detectors and shovels then started searching the grounds of the mosque for buried weapons.

The Kashmir governor, K. V. Krishna Rao, who visited the shrine amid heavy security, expressed relief at the peaceful resolution of the standoff after painstaking negotiations with the militants.

"I never wanted the mosque to be stormed. I never wanted force to be used at all," he said, adding that the authorities would be on guard in the future to prevent militants from turning religious places into sanctuaries.

In New Delhi, Prime Minister P. V. Narasimha Rao said, "Good sense has finally prevailed and the situation has come to a satisfactory close."

A group of Muslim clerics and mosque caretakers examined a holy relic preserved in a vault in Hazratbal, or Prophet's Place.

The relic, a hair said to have come from the beard of the prophet Mohammed, was unharmed.



Nigerian police patrolling the nearly deserted streets of Lagos on Tuesday. The capital, Abuja, also was affected, the first time since the political crisis began in June.

Protest Strike and Jump in Fuel Prices Slow Lagos a 2d Day

Reuters
LAGOS — Business activity slowed in Nigeria's largest city on Tuesday during the second day of a general strike prompted by a six-fold increase in fuel prices.

Many people in Lagos stayed away from work in support of the action, which was called by the Nigeria Labor Congress in an effort to force the military-appointed interim government of Ernest Shonekan to rescind the price increase.

Lack of public transport and an acute fuel shortage in the city of 6 million forced many more people to stay home.

But like previous protests linked to the military's annulment of the June election, the strike failed to make an impact nationwide, as organizers had hoped.

Major banks and shops remained closed, and the government secretariat in Ikoyi, where ministries are located, was understaffed. Junior civil servants also stayed home in the inland capital, Abuja. It was the first time a strike took hold there since the political crisis began in June.

Dozens of students and policemen faced each other across the gates of the University of Lagos following clashes Monday between the two groups. The Nigerian Tribune newspaper, in the city of Ibadan, said two people were killed there in protest demonstrations.

The National Association of Nigerian Students has vowed to continue protests against the fuel prices. The association said it was also committed to forcing the unelected interim government to cede power to Moshood K.O. Abiola, the presumed winner of the presidential election annulled by army rulers in June.

Bush, in Hong Kong, Asks 'Understanding' for China

The Associated Press
HONG KONG — Former President George Bush urged understanding for China's human-rights conduct on Tuesday and warned against any United States move to curb its trading privileges.

In a spirited defense of the Beijing government, Mr. Bush criticized attempts to impose democratic values on China. He said China's economic leap forward had made its society much freer than when he lived there as the U.S. ambassador in the mid-1970s.

"There's no comparison between China today and China in 1974-75 in terms of individual liberties," he said in a speech at a business luncheon. "How that moves along into political reform — China will have to decide that."

"Give credit where it belongs," he said. "They are feeding 1.126 billion people and that in itself is something that everybody else

around the world ought to thank their lucky stars for."

He said he did not condone China's crushing of student pro-democracy protests at Tiananmen Square in Beijing in 1989, which left hundreds and probably thousands dead, but warned that to revoke China's trading privileges would isolate Beijing and narrow U.S. influence there.

Noting that most-favored-nation status grants U.S. imports from China the lowest possible tariffs, he said that "if we go against MFN it will be very hard to stay actively involved as I think our country should be."

"The United States must stay involved with China in every possible way," he said.

He said a way should be found to give China's privileges a long-term basis, instead of being renewed annually. This would enable businesses trading to plan further ahead.

Beijing and Seoul Hold Secret Talks Over North

Reuters
SEOUL — China and South Korea have held secret talks to try to resolve a dispute over North Korea's refusal to allow inspections of its nuclear sites, news reports in Seoul said Tuesday.

The reports said the contacts, made in Beijing, Washington and Tokyo on Thursday, signaled China's willingness to play a more active role in getting the North to abandon its nuclear program.

"The details were not revealed, but the Chinese are believed to have said they would actively play the role of a mediator to solve North Korea's nuclear issue," the newspaper Dong-A Ilbo quoted a source as saying.

The paper said the meetings between diplomats of both sides were held at the request of China.

Another leading daily, Chosun Ilbo, said the Chinese had asked South Korea not to consider taking strong action, including economic sanctions against the North.

In return, China promised to persuade the North not to launch a military attack on the South.

President Kim Young Sam was expected to seek Beijing's help in settling the nuclear issue when he meets President Jiang Zemin of China in Seattle during the conference of the leaders of the Asia Pacific Economic forum.

The United States has warned the North it could face international sanctions if it persists in refusing to open its nuclear facilities to inspection by the International Atomic Energy Agency.

American officials said Monday that they were considering an offer by the North to allow the UN agency to inspect its nuclear plants if a joint U.S.-South Korean military exercise were canceled.

Clinton Stays Mute
 President Bill Clinton refused Tuesday to say if the United States would cancel the exercise if North Korea allowed inspection, Reuters reported from Washington.

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Herald Tribune

Asia, America, Europe

Europe this week watches America talk to Asia about the future of the world...

The idea of free-market democracy. The chief reason why Europe matters to America is that two of the main dangers to the world's peace in the next 20 or 30 years are on Europe's edge.

To Europe's east is the still lurking risk of Russia's return to authoritarian rule and a taste for empire. To Europe's south and southeast is the risk of an emerging Muslim center of power driven by angrily different ideas from those of the West...

Ministers from the countries of the Asia-Pacific Economic Cooperation forum meet on Thursday; a summit meeting follows on Saturday. A simple statistic pulls the APEC leaders to Seattle: the United States now does 50 percent more trade across the Pacific than it does across the Atlantic.

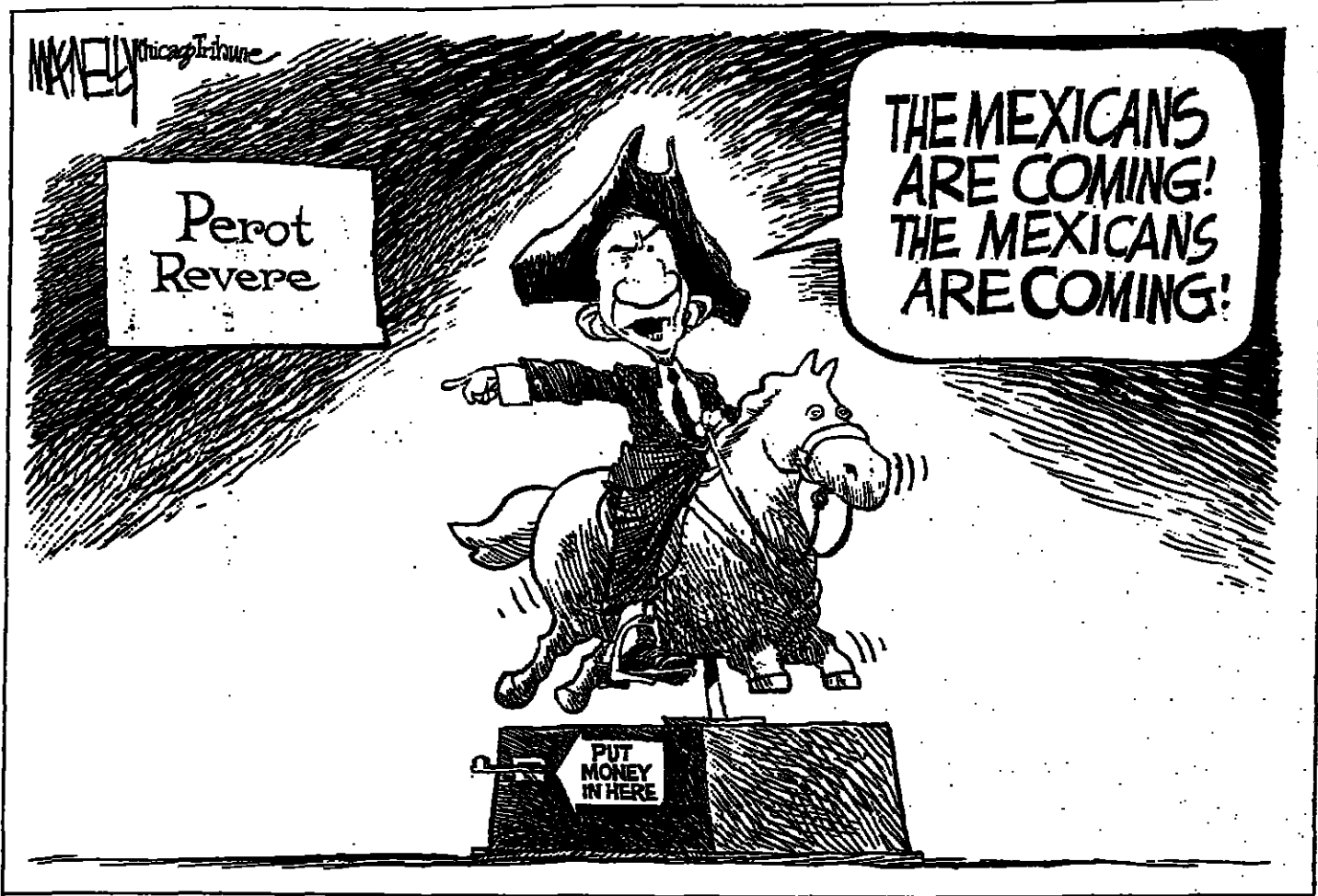
There is nothing that Europe can usefully do about this — except set about closing the gap. That means being more inventive, investing more, making Europe's products cheaper and better.

But none of this lessens the link that binds America to Europe. This link is not just the large amount of trade America still does with Europe, and the pile of capital it has invested there.

Both Western Europe and North America are currently trying to make themselves richer by organizing their own local systems of regional economic co-operation. There is nothing wrong with the European Community's single market or with the North American Free Trade Agreement (assuming Congress lets it happen) — provided that their members stay loyal to a worldwide set of free trade rules.

Worse, their future quarrels about trade will almost certainly destroy the Euro-American military alliance. That will be bad for America; it could be fatal for Europe.

INTERNATIONAL HERALD TRIBUNE



America Needs Asia More Than It Needs Mexico

By Bernard K. Gordon

DURHAM, New Hampshire — The support of the Clinton administration for the North American Free Trade Agreement and other free trade pacts in the Western Hemisphere stems mainly from its concerns about U.S. trade deficits everywhere, especially in Asia.

There is a simple reason why America's trade deficit has returned to the same relative level as 15 years ago: U.S. exports have grown sharply, while imports have been much more restrained.

What has gone largely unrecognized is that after the record high of \$152 billion in 1987, America's trade deficit fell every year through 1991, when it was \$66 billion.

The 1992 rise, to \$84 billion, was about half the 1987 peak. The rise clearly was not caused by a slowdown in U.S. exports; they grew by \$26 billion, but imports grew even more, by \$45 billion.

The common perception is that the United States continues to experience unacceptably large deficits. The corollary is that American exports cannot compete in world markets.

Both views are more myth than fact, but they are powerfully distorted trade policy. In reality, both in dollar value and relative to the size of overall U.S. trade, America's deficit has fallen sharply.

The further reality is that U.S. exports are demonstrably successful, especially in Asia. And it is these job-creating exports that move the American economy in the right direction.

Nevertheless, the powerful symbolism of a trade "deficit" lives on, with all its connotations of weakness and profligacy. The deficit with Japan has come to mean, for many Americans, that Japan is strong and

the United States weak. The Clinton administration apparently shares this view — choosing to focus on U.S. trade deficits rather than on exports.

When America's deficit with Japan was at its worst, in the mid-1980s, it equaled half of U.S.-Japanese trade. It has fallen to a third of the two-way trade today.

In assuming that the deficit is the whole story, the Clinton administration has ignored the doubling of U.S. exports to Japan since the mid-1980s. In 1991, two-thirds of America's exports to Japan were manufactured products.

America's deficit with Japan, and almost everywhere else in Asia, has led many to believe that Asia is the source of America's trade problems. That belief is reinforced by another myth: that Latin America is the natural market for the United States.

South Korea and Singapore, for example, with a combined population of 47 million, buy more from the United States than all of South America, with a combined population of more than 300 million.

South Korea and Singapore, along with Taiwan, are also among the top 10 importers of American manufactured goods. No South American nation is in that group.

In all of Latin America, only Mexico ranks that high. But years of public attention to U.S. trade deficits with Asian countries have smothered those realities.

The Clinton administration's commitment to create a North American free trade area, and the growing U.S. interest in free trade arrangements in South and Central America, are reinforced by the false belief that no other regions are such good markets for the United States.

To the extent that Asia is portrayed as America's trade "enemy," there are likely to be unintended and negative results. The most obvious is the domestic support in the United States for protectionism, even though it is based on false information.

Beyond that, prominent Asians, hearing increasingly that the United States regards Latin America as its natural market, are inclined to respond that if Washington is going to build a Western Hemisphere trade group, East Asians may have little choice but to form their own.

America's trade deficits, as a percentage of the value of its total trade with Indonesia, Hong Kong, Singapore, South Korea and Taiwan, are in decline. China stands out as a major exception to this trend in East Asia.

The sharp rise in the U.S. deficit with China is caused by the near stagnation of American exports to China, while its imports from China have exploded. Since 1985, America's imports from China have grown by 560 percent, but its exports to China have risen by just 90 percent.

Despite China's exceptional rate of annual economic growth of over 10 percent, U.S. exports there remain small and generally are increasing only slowly.

This contrast between burgeoning imports and slow-growing exports is the stuff of which politically explosive trade disputes are made.

Nonetheless, the United States must recognize the importance of its export market in Japan as well as of its large and growing sales elsewhere in East Asia, especially in the context of the NAFTA debate. The Clinton administration should put the relative value of U.S. exports in Asia and Latin America into perspective.

The strategic advantages to the United States of a more prosperous and stable Mexican economy are undeniable. U.S. exports to Mexico have risen impressively, even without NAFTA. Last year, they reached \$40.5 billion, a 22 percent increase from the year before.

But markets elsewhere in Latin America are not in that category. Last year, in all of South and Central America, including the Caribbean, U.S. exports were \$35 billion. That is less than U.S. sales to South Korea, Singapore and Taiwan alone.

Brazil, the largest of the South American economies, bought goods worth \$3.7 billion from the United States in 1992, compared with \$14.6 billion spent by South Korea.

Chile, often mentioned as the next NAFTA-type candidate after Mexico, imported goods worth \$2.4 billion from the United States last year. That is about a quarter of the \$9 billion that the United States exported to Singapore.

And compare Chile to Malaysia. Their per capita incomes, populations and levels of U.S. investment are roughly the same. Yet in 1992 the United States sold exports worth \$4.4 billion to Malaysia, nearly twice the \$2.4 billion it exported to Chile.

All this is not to minimize the importance of Latin American markets. America's exports and investments make it a uniquely trilateral actor. The United States obviously has a strong role in the Western Hemisphere, but its economy is no more closely related to that region than it is to Europe or East Asia.

If the Clinton administration succeeds in persuading Congress to ratify NAFTA Wednesday, and then in extending the free trade zone to Central and South America, it will relegate the United States increasingly to its own hemisphere, which in economic terms is less attractive than Asia and Europe.

It will also encourage the hardening of the world into three blocs — Europe, the Americas and Asia — each organized around a powerful industrial base and each suspicious of the other.

The writer, a professor of political science at the University of New Hampshire, has taught on universities in Japan and was recently a visiting fellow at the East-West Center in Hawaii. He contributed this column to the International Herald Tribune.

Turn Inward or Outward?

As recently as three months ago, it would have seemed totally unlikely that the NAFTA vote could turn into a historic test of American intentions toward the rest of the world. It has happened for reasons that no one really anticipated, but that is often the way fundamental political decisions arise.

The opponents, an alliance of elements from right and left, decided to try to beat down a presidential commitment to free trade with Mexico and Canada. President Bill Clinton responded by pushing harder, and the process of escalation rapidly increased the stakes for each side.

As it now stands, the issue on which the House of Representatives is to vote this Wednesday goes far beyond Mexico and trade. It reaches a basic question that has been woven through American history almost since the beginning of this century: What is the American responsibility to lead in the world and to maintain its stability and prosperity?

The choice is, now as always, whether it serves American interests better to turn inward or outward.

The country decided the question one way after World War I and then, having seen the terrible consequences, decided it the other way after the next war. But even then the choices were not made easily or without bitterly fought votes that, like NAFTA, split both parties and required the cooperation of the internationalist wings of both.

The vehement campaign against NAFTA is a direct consequence of the collapse of the Soviet Union. Although the most visible per-

sonality in the opposition, Ross Perot and Pat Buchanan, are from the right, most of the real lobbying power is coming from labor. There has always been a strain of protectionism in the labor movement — and a resentment of competition from imports. But for the past generation it was overbalanced by a devotion to the cause of freedom and a hostility to communism. With the evaporation of any threat from communism, the balance has now swung the other way in the unions' leadership.

Great events abroad have had a sharp impact on American domestic politics, which in turn is affecting the United States' ability to pursue an active foreign policy.

Some people have argued that the vote on NAFTA cannot affect the general direction of the Western Hemisphere's development but only the speed at which it progresses. The House, when it votes, should not take that for granted. Doubtless most of the Latin countries, and certainly Mexico, will continue to rise in wealth and technological resources.

But whether they will continue along the present trend toward greater democracy and more open societies is another question — and one that may well be deeply affected by American attitudes reflected in the NAFTA vote.

It is not only in the United States that NAFTA has taken on an extraordinary symbolic importance. The vote on NAFTA requires each member of Congress to think carefully about the American future.

— THE WASHINGTON POST

Puerto Rico Stays Put

The close vote in Puerto Rico favoring continued commonwealth status rather than statehood will be greeted with relief in Washington. It spares Congress from deciding how and whether to admit a Spanish-speaking island to the Union.

Governor Pedro Rosello's New Progressive Party hoped that Sunday's nonbinding referendum would build momentum for Puerto Rico's admission as the 51st state. But this course was preferred by only 46 percent of the voters, compared with 48 percent for commonwealth status and 4 percent for independence.

That effectively sidetracks the statehood campaign, at least for now.

Yet the plebiscite does not resolve a more fundamental question: Is Puerto Rico a colony? The honest answer is "yes and no."

Puerto Rico is clearly a willing subordinate. President Bill Clinton, and most mainlanders, agree that the islanders should be free to choose their final status. And overwhelmingly, Puerto Ricans favor one of two forms of association with the United States: there is no clamor for independence. In 1952, Congress approved commonwealth status, and a year later Washington persuaded the United Nations to take Puerto Rico off its list of colonies.

Even so, in vital respects Puerto Rico remains a dependent ward. Under commonwealth status, Puerto Ricans are U.S. citizens, to a point. They can settle anywhere on the mainland, and on the island they elect their governor and legislature. But because islanders pay no federal income taxes, they do not elect U.S. senators or representatives or vote for president.

This arrangement, sweetened by other tax breaks, has spurred investment from the mainland, created jobs and raised wages, a boon that doubtless caused many Puerto Ricans to prefer remaining in a familiar halfway house to the risks of economic pain with any change.

Other Comment

Killing NAFTA Would Be Folly

Congress should embrace the North American Free Trade Agreement for what it is: a useful improvement of the market system that has served the United States spectacularly well. As such, NAFTA offers America better jobs and higher incomes. Its other benefits — in particular, political and economic advance in Mexico — can be enjoyed as an important bonus. To reject NAFTA for the sake of "economic security" would be a startling piece of folly. America would be rejecting the very ideas that gave it the security it now dreads losing.

— The Economist (London)

No Asian Economic Miracle for Clinton

WASHINGTON — No sooner will the Clinton administration reach the end of its trauma over NAFTA than it will set off, arriving sleepless in Seattle, to initiate an even grander trade endeavor, this time with Asia, at the APEC forum. For it is in Tokyo, Beijing and Seoul that the president hopes to lift the domestic labor market on a rising Pacific tide.

Leaders of the big three will be in Seattle: President Jiang Zemin of China, Morihiro Hosokawa, the first Japanese prime minister in nearly 40 years to have an unmistakable mandate for change, and Bill Clinton, who will either be reeling from a NAFTA defeat or galvanized by triumph.

The meetings promise to be long on symbols but modest in scope. What will emerge will be efforts to facilitate trade, not to open markets. The leaders will try to produce a vision for the future. A ministerial meeting could be announced; the process of standardizing customs procedures might be undertaken.

Regardless, Mr. Clinton is making clear that he is casting his lot with Asia. This will be his third meeting with a Japanese prime minister in the four months since the July gathering of the Group of Seven in Tokyo. With Europe in economic lull and the Uruguay Round of GATT stalled, the supercharged Pacific must look very tempting. And these deepening relations with Asia surely serve to chasten the European Community.

But priming that Asian market for U.S. goods will not be easy, or quick. When the administration optimistically points out that the United States already has 50 percent more trans-Pacific trade than trans-Atlantic trade, it sidesteps the reality that goods flow largely one way — from Asia to America.

The Clinton administration, however, points to its forecasts: export growth to the region of 9.4 percent through the end of this decade; a doubling of U.S. jobs based on trade with Asia over the same period.

— Jeff Shear, commenting in The Washington Post

How to Make Governing Even Harder

By Anthony Lewis

BOSTON — In the American system of government, it is famously difficult to get anything done. The framers of the constitution built in checks and balances because they believed, wisely, that efficiency was less important than preventing abuse of power.

But their design has become encrusted with further frustrating devices. To pass any significant legislation, a president has to make private deals with members of Congress to give them projects or appointments they want. The process has become a series of mutual vetoes and extractions. To change any vested privilege — sugar protection, cheap grazing on federal land, whatever — has become virtually impossible.

Now Congress is moving to give special interests and minority factions even greater influence in the process. That is the real meaning of the proposal known as the constitutional amendment to require a balanced budget.

The name of the proposal is a hypocritical cover for what would really happen if it became part of the constitution. Balancing the budget would be just as political and just as painful as it is now. But minorities would have much more power to feather their own nests.

The amendment says that Congress must pass a balanced budget unless 60 percent of the members of each house suspend that rule. It takes no genius to realize what the result would be. Presidents and congressional leaders would make deals to get that 60 percent. Individual members would have more

leverage. "I'd love to help you, Mr. President," the congressman would say, "but I just can't vote with you on the budget bill unless it includes XXXX in my district."

That sort of thing goes on all the time now. Members who are loud in denouncing the deficit are among the most ruthless in demanding gravy for themselves and their constituents. But with 40 percent taking over what is now the majority's power, they could be even more brazen.

The whole difficulty in ending budget deficits, since Ronald Reagan spent the country into grotesque debt, is that people do not want to give up their own benefits. The 60 percent rule will not change that aspect of human nature. It will just ensure that every budget is packed with udibus traded for votes.

Senator Paul Simon, Democrat of Illinois, is the principal Senate sponsor of the proposal. In a fact sheet he asked, "What if Congress simply doesn't balance the budget. How is this amendment enforced?" In answer he said in part that members of Congress or the attorney general might be able to sue — and the final arbiter will be, as in all constitutional matters, the Supreme Court.

Now there is a wonderful prospect. Congress phonies up the figures and passes a budget that really has a deficit. The Supreme Court, no doubt after years of legal proceedings, is supposed to tell us what the true figures are. More likely it

would wash its hands of a matter so ill-suited to judicial resolution, and put the issue back at square one.

What a recipe for back-peddling, frustration and chaos in government. Many conservatives favor the amendment, but Judge Robert Bork, a conservative hero, says that it "seems likely to be either ineffective or damaging, and perhaps both."

A proposal to add such a quick remedy to the profundities of the constitution might seem to have little chance of adoption. Not so. Last year the amendment came close to the needed two-thirds majority in both houses. And this year the effect of Perotism and all the talk about the budget deficit have increased its chances. Of 14 new senators elected in 1992, 11 are supporting the amendment. They could tip the Senate over the two-thirds mark.

The Senate was originally scheduled to debate the proposed amendment before the end of this month. Now the issue has been put off until February. But no one should think that the postponement will weaken the proponents. To the contrary, the prospect of facing voters in 1994 could scare more members into saying "yes."

In a secret ballot, my guess is that the proposal would lose soundly in both houses. But many members may feel that they have to bow to the sacred cow of a balanced budget, however hypocritical the particular idea may be. The American people should tell them that they do not want a new device to hobble already limping institutions.

The New York Times

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Deadly Dancing

PARIS — Mile. "Demi-Sophon," so called on account of her slim waist, has met her death in the performance of what is called "le grand ecart." No one knew better than she did how to throw herself on the ground with her legs stretched out.

A few days ago she was executing this feat when a sudden crack of her bones was heard just as she touched the ground. She never rose again.

1918: Stumbling Home

PARIS — Along the roads that lead to the British lines from the territory still in German hands there pass today pitiful processions of broken, starving men — British prisoners newly released from the prison camps of Belgium. The sight of them makes the heart ache. They are mere shadows of men in ragged and stained clothing, stumbling along with sunken eyes stung for the first glance of British khaki.

PARIS — Despatches published yesterday [Nov. 17] by the Paris evening papers state that the advance guard of the Belgian army has entered Brussels. The German troops, in conformity with the armistice conditions, have evacuated the region and are now ten miles from the capital. Brussels has been beflagged with the Allied colors for three days past.

1943: Yugoslavs in Sortie

ALLIED HEADQUARTERS, ALGIERS — [From our New York edition.] Yugoslav pilots trained in the United States began flying combat missions alongside American flyers yesterday [Nov. 15] when a force of Liberator bombers attacked the Eleusis airfield at Athens, Greece. These raids took place as comparative quiet continued for another day along the Italian front. Many of the Yugoslavs who took part in the raid have had extensive aviation experience, flying with the Yugoslav Air Force after their country was invaded by Germany and with commercial lines before that.

There Is A Foreign Policy

By Christoph Bertram

HAMBURG — There are many today, in the United States and abroad, who accuse President Bill Clinton of not having a foreign policy. They refer to his wavering over Bosnia, his incoherence on Somalia and his halfheartedness in dealing with Haiti to make their point. But by concentrating on the trees rather than the forest, the critics are missing the point.

For there is a consistent line in Mr. Clinton's foreign policy. It has been there from the start of his administration, and he has never tired of articulating it: that there is no longer a distinction between domestic and foreign affairs, that America's international connections must serve America's internal interest, and that the primary goal of both is to make America economically competitive again, at home and in the markets of the world.

What at first sight looks like wavering, inconsistency or halfheartedness, in the various international crises that the administration has had to confront, reveals, at second sight, a remarkable inner logic: Neither in Bosnia, nor in Somalia or Haiti has the United States allowed itself to become so firmly committed as to be deflected from its primary goal of pushing economic recovery.

U.S. involvement in maintaining international order has been halfhearted precisely because the heart of the administration has not been in it. Even when, as in Bosnia, it seemed to muster the determination to intervene, what followed was a policy of de facto nonintervention; and where, as in Somalia, it seemed willing to commit itself, the commitment proved relative.

Contrast this behavior in international security matters with that

In foreign policy, Clinton is doing what he promised the American people to do.

concerning international conditions for America's prosperity, the unshakable presence of Japan, the toughness at GATT, the willingness to stand and fight for NAFTA.

In foreign policy, Mr. Clinton is doing what he promised the American people to do, namely, give unremitting priority to the economy. And his principal aids in foreign and security policy are doing what they promised the president to do, namely, prevent him from becoming entangled in international quarrels and crises beyond the point of no return.

In fact, what we are seeing is the Japanization of America's foreign policy. Just as for Japan, markets matter more for the Clinton administration than does the respect of others for America's international power or strategic ambitions in particular geographic regions.

There is, however, one major problem with the Japanization of U.S. foreign policy, and it is now coming rapidly to the surface: The United States is not, and will not easily be allowed to be, a Japan, neither by the world nor by its own citizens.

When Tokyo pursues a selfish, market-determined policy, this affects none of the international trouble spots because the world does not expect Japan to behave differently. When America does likewise, it is seen as appeasement, an aggravating crisis and famine.

And the American people, in contrast to the Japanese, have tended to view U.S. involvement in the world from an idealistic, not a mercantilistic, perspective. Although, as recent opinion polls confirm, they support the outcome of President Clinton's policies, they do not like the style. They interpret indecisiveness in the foreign policy affairs of their nation as a lack of competence on the part of their leaders.

Herein lies hope, however slender, for the rest of the world. If anything, it will be Americans' abhorrence of political cynicism, and their uneasiness over a superpower behaving like a second-rate power, that will remind the administration of the need to pursue consistency not only in advancing America's international commercial interests but also in strengthening international order. The world can just about afford one Japan. It cannot afford America to become another.

The writer is diplomatic correspondent for the weekly Die Zeit. He contributed this column to the International Herald Tribune.

This is Under

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OPINION

This Contempt for Workers Undercuts NAFTA's Appeal

By A. M. Rosenthal

NEW YORK — No need to worry. NAFTA will not cost the job of a single American factory or agricultural worker. No plant or farm will be put out of business. However, because of various complicated NAFTA tax and anti-subsidy provisions, some other Americans will experience inconvenience.

Jobs will be lost by several hundred thousand editorial writers, columnists and other journalists, plus publishing executives, university professors, Wall Street specialists and members of state and federal legislative staffs. A few dozen think tanks will close down altogether. But unemployment insurance will be available, often, for these newly unemployed intellectuals. And many may be retrained for jobs as newsroom receptionists, school custodians or clerks in automated warehouses.

ON MY MIND

children out of school and hunt for new jobs in other cities around the country. Many will find employment above the minimum wage, probably, if they take care not to be too old to compete with high school dropouts.

I can hear them already, because I have heard them so often before. If a newspaper is in danger of closing, or Wall Street brokers have a bad year, or if professors face loss of tenure for anything but murder, we fill pages of print and hours of air time with their poignancy.

them or their thoughts if they are defeated and find themselves out of work in the name of grander interests? I am a company man; any union that threatens my paper, watch out. But that does not make me a kook union-hater, spilling over with rage at unions exercising their right to lobby. The administration's attack on the AFL-CIO and its leaders is not only unjust, but damaging to freedom movements everywhere.

When it was not at all fashionable, fair AFL-CIO and Lane Kirkland, its president, came to the quiet assistance of freedom fighters, dissidents and political prisoners throughout Eastern Europe and the Soviet Union. The United States will need Kirklands again. But Mr. Kirkland is suddenly painted as Mussolini and his members as a bunch of know-nothing bores.

Workers fear that NAFTA would preserve child labor, abysmal wages and government-police union busting in Mexico. All of these are brutally true to Mexicans and to competing U.S. workers. And in case anybody cares about such niceties, Mr. Kirkland argues that they also run counter to provisions in U.S. free trade laws.

But if this version of NAFTA is defeated, American business, labor and government still have a chance to try to negotiate a NAFTA that would open Mexico not only to free trade but to free unions and halfway decent pay.

Bill Clinton says he needs NAFTA as a message of support to the Asian summit meeting in Seattle. If he loses, maybe the message will be even stronger: In Asia as in the United States and Mexico, we Americans are against slave wages, forced labor, child labor and government union smashing.

Aren't we supposed to be? The New York Times.



No Protection for the Workers

NAFTA steers the power to shape society away from communities of people and toward the underclasses of the unregulated marketplace. Make no mistake, it is an agreement conceived and drafted by and for privileged elites, with little genuine regard for ordinary citizens.

These elites say the agreement will promote democracy in Mexico and increase Mexicans' buying power. But how is this supposed to happen? The agreement offers many protections for the property, patents and profits of multinational corporations; there are none for workers, not a word about democracy.

Much is said about the need to form a trading bloc in the Western Hemisphere to counter the European Community. If that is so, then why does NAFTA sidestep the core of the European agreement regarding its inclusion of less-developed countries like Greece, Spain and Portugal?

The Europeans demanded and achieved democratization in these countries. With NAFTA, we never tried. The Europeans protected workers' rights to form independent trade unions and negotiate for higher wages, then backed it up with a development fund. We never tried. The Europeans took steps to discourage job flight to low-wage areas. We never tried.

— Lane Kirkland, president of the AFL-CIO, writing in The Washington Post.

Trapdoor Under U.S. Standards

NAFTA, as well as the upcoming expansion of the General Agreement on Tariffs and Trade, invades areas previously out of bounds for trade agreements, placing a trapdoor under domestic health and safety standards and hobbling citizen advocacy efforts to make them stronger. It would allow Mexico or Canada to challenge U.S. health and safety standards. Such challenges would be heard before secret trade tribunals. The panel decisions are unreviewable.

Should such a tribunal declare a U.S. standard a nontariff trade barrier under NAFTA, the United States would incur sanctions until it weakened or repealed its laws. One can expect a "pull-down" of U.S. standards.

Everything NAFTA touches becomes more autocratic and less democratic. Moreover, NAFTA's Realpolitik serves to entrench the dictatorial regime in Mexico.

If NAFTA passes, next year an invasive, expanded GATT will come before Congress. For Mr. Clinton, being twice allied to House Republicans and their corporate constituency raises questions about his political identity. Much as he might like to, Mr. Clinton cannot realistically say he will be able to shield his congressional backers from the consequences.

— The consumer advocate Ralph Nader, writing in The Washington Post.

The Artist's Private Trials Are None of Our Business

By Jonathan Yardley

WASHINGTON — Grooping through a gloomy dawn one recent morning, I was jolted awake by astonishing noises emanating from the television set. They came from a reporter for one of the cable networks, who was talking — this at 6:30 A.M. — mind you — about the unhappy first marriage of Thomas Stearns Eliot and a movie being made about same. From the movie, she said, we will be able to learn "the real truth" about that marriage.

There you had it all, in a couple of seconds worth of idle early morning chatter: certain prevailing assumptions of pop culture boiled down to a few syllables of tele-talk. That the private lives of the eminent are public property; that the salacious details of those lives are of greater interest than the achievements for which the people who lived them are known; that not merely is it possible to know "the real truth" about other people but that the most incisive medium for doing so is the docudrama or one of its near kin — all of this was implicit in the cable reporter's offhand remarks.

We have done Isak Dinesen and Wolfgang Amadeus Mozart and T. E. Lawrence and Billie Holiday and Vincent Van

MEANWHILE

Gogh, not to mention Scott and Zelda and Eleanor and Franklin and Jack and Jackie. So why not T. S. Eliot?

T. S. Eliot may have been reticent and intellectual, a man for whom life existed largely in the mind — but in the anguish of his marriage to Vivienne High-Wood is buried the stuff of cheap melodrama. If there is one thing we know how to do these days it is cheap melodrama, and no one can escape its clutches.

By virtually all accounts it was a dismal marriage. Mrs. Eliot suffered from both physical and mental illness; as Paul Horgan writes in a "partial portrait" of Mr. Eliot published recently in a fine book called "Tracings," his "private troubles at home" in the early 1930s included "the incurable mental illness of his wife, her placement in an institution, his act for separation, his own periods of depression that resulted."

Those who knew the Eliots were aware of these troubles, and there was quiet talk about them, but for the most part these were people of taste and refinement who knew that the Eliots' private business was their own.

That was then, this is now. "Taste and refinement" have little to do with anything in the late 20th century. Taste and refinement will get you nothing these days but sand in the face. Gossip is what matters now, and the more intimate the gossip, the more money there is to be made from it.

It all began innocently enough. "Lawrence of Arabia" was hardly the first film to be made in which biography was molded into dramatic form,

but because of its extraordinary scale and the near-unanimous enthusiasm with which it was greeted, it opened the way for the deluge that followed.

What we forget is that the man chiefly responsible for it — the producer Sam Spiegel, the director David Lean and the writer Robert Bolt — had the permission of T. E. Lawrence's brother, A. W., and that they bent over backward both to be true to historical fact and to treat psychological matters with respect.

Even the famous homosexual rape scene at Deraa was handled with restraint. The entertainment industry is now on a bio-dramatic trolley that has steadily gained momentum and that has been ever less respectful of those whose lives it has so mercilessly plundered.

The prevailing assumption now, and not merely in Hollywood, is that no one has any right to his or her own life — that everything is raw material for the insatiable machines of mass market entertainment.

"Get a life," Americans like to say these days, as in "Get real," but when Hollywood or one of its more decorous satellites gets a life, it gets unreal. Great armies of researchers may be employed as buffers against lawyers, and a patina of visual authenticity may be pasted across these productions, but the essence of what we are given about these exploited lives has no discernible connection to "the real truth."

It is entertainment pure and simple, and what it teaches us is that everything can be reduced to entertainment, indeed that entertainment is the be-all and end-all of contemporary existence.

That T. S. Eliot should be the latest to be placed under the stethoscope of show business, is at once genuinely appalling and richly ironic. To anyone who knows and loves Mr. Eliot's poetry, who has remained faithful to him as literary opinion of his work has ebbed and flowed, the mere thought that his domestic torment could become the stuff of melodrama — even melodrama of the toniest sort — is nothing less than obscene.

Rarely in the history of literature has there been a writer of whom it can more truly be said that the words are all. Yet here is T. S. Eliot about to become a "personality," a show biz icon for whom T-shirts and souvenir programs will soon be in order.

As for the irony, it is obvious. The poet who told the 20th century that "We are the hollow men / We are the stuffed men / Leaning together / Head-piece filled with straw" is now himself to be hollowed out, his inner self ripped open for the amusement of all.

This, rather than Andy Warhol's 15 minutes of fame, is the true fate of 20th century man. If it can happen to T. S. Eliot it can — and will — happen to anyone.

The Washington Post.

LETTERS TO THE EDITOR

Reform, East and West

Regarding "East Europeans Could Learn from Asian Patience" (Opinion, Oct. 22) by Pradhama B. Rana and J. Malcolm Dowling Jr.:

The article unfortunately tries too hard to distinguish between the gradualist approach to socialist transitions in Asia and the "big bang" attempts at reform in Eastern Europe.

In lumping together the experiences of Laos, Vietnam and China, the authors are, in my view, shortchanging the reform efforts of Vietnamese authorities over the last five years, implicitly providing encouragement for a deliberate pace of reforms in the state enterprise sector in China, and perhaps encouraging the voices of recidivism in Eastern Europe.

The most dramatic case among Asian reformers is Vietnam, where the bold reforms of 1989 (unlike ineffectual attempts earlier in the 1980s) freed virtually all prices, eliminated fiscal subsidies to state enterprises and gave farmers long-term leases to land. One result was to transform Vietnam from a rice importer to the third largest rice exporter in record time.

Asian reformers is Vietnam, where the bold reforms of 1989 (unlike ineffectual attempts earlier in the 1980s) freed virtually all prices, eliminated fiscal subsidies to state enterprises and gave farmers long-term leases to land. One result was to transform Vietnam from a rice importer to the third largest rice exporter in record time.

The lesson of Vietnam is that when rapid price reform, strong monetary control and exchange rate flexibility combine to provide the economy efficient prices within a stable macroeconomic environment, the needed shift in resource allocation can be quickly accomplished.

The result has been impressive growth since 1990 without foreign aid. This is not a go-slow policy but rather a case of an economy realigning itself quickly to efficiency prices.

The major difference between East Asian transformation experiences and those in Eastern Europe has to do with the changing political structure and rapid social transformation in the latter. These — not the fact that the reformers have been too bold — have created the terribly difficult situations we see today in Russia and elsewhere.

In Poland, where drastic measures were applied to a large and inefficient industrial sector, the results have been positive. Had that transition, however painful, been extended to a decade, the results would have been far less favorable and costlier in my view. China, having made commendable progress, is perhaps now being buoyed mostly by the super-dynamic growth of its own rapidly reformed coastal provinces.

Of course, reforms must be phased, with price distortions being attacked

first, but a decade of complacency in other areas, such as property rights, is not what should be advocated. Rather than patience, the message for potential economic reformers in countries such as Burma or North Korea should be to move as quickly as political and social constraints will allow.

D. M. LEIPZIGER, Washington.

The writer, a senior economist with the World Bank, is expressing his personal view.

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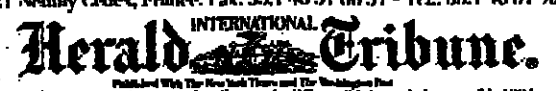
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American Express Bank Ltd. is pleased to announce the winners of its annual essay competition in international economics and finance. The Bank also wishes to thank the competition judges and the other guest speakers at the prizewinners' Global Forum in Singapore, organized with the Economic Society of Singapore.

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Lee Kuan Yew, Senior Minister, Singapore; Dr. Henry A. Kissinger, Chairman, Kissinger Associates Inc., former US Secretary of State; Governor Samuel C. Shieh, Central Bank of China; Khun Tarrin Nimmannaheeminda, Minister of Finance, Thailand; Deputy Governor Dr. Lin See-Yan, Bank Negara, Malaysia; Dr. Il SaKong, Chairman, Institute of Global Economics, former Minister of Finance, Korea; Dr. J. B. Sumarlin, former Minister of Finance, Indonesia; Dr. Cesar Vixara, former Prime Minister, the Philippines; Hari Shankar Singhania, President, JK Organization, India and President, International Chamber of Commerce; Dr. Teh Kok Peng, Deputy Managing Director, Monetary Authority of Singapore. Moderators: Myron Kandel, Financial Editor, CNN Business News; Emeritus Professor Lim Chong Yah, Nanyang Technological University, Singapore; Bahram Nowzad, former Chief Editor, International Monetary Fund.

THE COMPETITION JUDGES

Professor Raymond Barre, former Prime Minister of France; Karl Otto Pöhl, Partner, Sal Oppenheim Jr. & Co., former President, Deutsche Bundesbank; Toyoo Gyohren, Chairman, The Bank of Tokyo, Ltd.; Lord Roll of Ipsden K.C.M.G., C.B., President, S. G. Warburg Group plc; Bruce K. MacLaury, President, The Brookings Institution; Professor Rudiger Dornbusch, MIT; John Flemming, Chief Economist, European Bank for Reconstruction & Development; Rupert Pennant-Rea, Deputy Governor, Bank of England; Kevin Pakenham, Chief Executive, John Govett & Company Ltd.; Richard O'Brien, Chief Economist, American Express Bank Ltd. and Editor, The Amex Bank Review.



Luxembourg Is Blocking Release of Drug Money

Reuters

LUXEMBOURG — The government of Luxembourg refused to release \$36 million on Tuesday that is suspected of being drug-trafficking profits, in spite of a ruling by its Supreme Court that the money should be returned to its Colombian owner.

"The money will remain blocked until judicial procedures in other countries come to an end," a Justice Ministry official, Charles Eisen, said. He was referring to legal actions in the United States, where the Supreme Court is due to hear a case early next year.

The court ruling on Monday followed an appeal by Luxembourg's state prosecutor against an earlier decision by a lower court that the money, held in frozen bank accounts, should be handed back.

The case stemmed from the conviction of two Colombian men of laundering profits for Cali drug-traffickers.

A judge sentenced them to jail but said she could not seize the money because it was not held in the names of the two convicted men and its owners in Colombia had broken no laws in the Grand Duchy, Luxembourg, which has strict bank secrecy laws, has since closed a loophole that forbade the confiscation of money belonging to anyone not convicted of a crime in Luxembourg.

William Boyd's Novel Wins a Top U.K. Prize

Reuters

LONDON — William Boyd won the Sunday Express Book of the Year Award on Tuesday for his novel "The Blue Afternoon."

The judges, including the secretary of state for national heritage, Peter Brooke, said the novel awarded the £20,000 (\$30,000) prize was "compulsively readable."



A boy at the grave of his father in a cemetery in Sarajevo. The city had its first snowfall on Tuesday.

3 Bosnian Rivals to Meet on Aid Convoys

Compiled by Our Staff From Dispatches

GENEVA — Bosnia's three warring parties have agreed to attend talks on Thursday to discuss free access for convoys trying to help 3 million people survive this winter, the UN refugee agency said Tuesday.

The UN High Commissioner for Refugees, the main relief agency in the former Yugoslavia, invited the political and military leaders of the three sides to Geneva to demand a halt to flagrant blockage of humanitarian supplies.

But diplomats said they would be surprised if Bosnia's leaders, who have not met face-to-face for more than two months, did not take advantage of the opportunity to discuss a peace settlement in the 19-month conflict.

The Bosnian prime minister, Haris Silajdzic, the leader of the Bosnian Serbs, Radovan Karadzic, and the Bosnian Croat leader, Mate Boban, have agreed to attend the one-day meeting Thursday, an agency spokesman said.

The United Nations decided last month to suspend aid convoys in central Bosnia after a

Danish truck driver working for the agency was killed. The suspension cut off 1.5 million people.

Sarajevo got its first heavy snowfall of the season Tuesday. About 12 centimeters of snow blanketed the city, making it difficult for residents to get around by foot or bicycle, now the most common means of transportation.

The UN airlift of food continued despite the snow.

On the battlefield, the Bosnian Army fought off one of the heaviest Croatian attacks of the war, holding its ground against tanks, artillery and thousands of troops near a town in central Bosnia, UN officials said Tuesday.

Lieutenant Colonel Bill Aikman, a spokesman for the peacekeepers, said the eight-hour assault on Gorazde on Monday involved about 4,000 troops and 10 to 15 tanks attacking on a 12-kilometer front. The assault was backed by more than 550 rounds of artillery, he said.

(Reuters, AP)

War Crimes Tribunal to Meet

The UN tribunal investigating war crimes in the former Yugoslavia holds its inaugural meeting on Wednesday amid doubts that those guilty of atrocities will ever be brought to justice, Reuters reported from The Hague.

The tribunal, made up of a prosecutor, 11 judges and a supporting staff of more than 300 people, was set up by the UN Security Council to try people accused of murder, rape, torture and other human rights violations.

It is the first such international tribunal since the allied powers set up courts at Nuremberg and Tokyo to try those guilty of crimes against humanity in World War II.

Eric Stry, professor of international law at Belgium's Leuven University, said the tribunal might convict some minor war criminals, but that the political and military leaders who bore ultimate responsibility would probably escape punishment.

"My feeling is that this tribunal will never come to any serious conclusions," he said.

German Socialists Open Drive To Take Reins After 12 Years

By Craig R. Whitney

New York Times Service

WIESBADEN, Germany — The Social Democrats, 12 years in opposition, began a convention on Tuesday that they hope will put them on course to win national elections next October.

But first, their new leader told them, they will have to give up the demagogic habit of radical foreign and domestic policy positions that have kept them out of power during the long rule of Chancellor Helmut Kohl and his Christian Democratic alliance.

"Instead of a simple 'no' to the policies of the government in Bonn, we need to formulate better alternatives," pleaded the man who hopes to oust Mr. Kohl next year, Rudolf Scharping, 45, the governor of Rhineland-Palatinate.

"I ask everyone here not to make long opposition speeches, but to lay the groundwork so that the Social Democrats can and should run the government," he told the 2,000 delegates in the convention hall.

The last Social Democratic chancellor, Helmut Schmidt, lost the job in 1982 when his coalition partners, the Free Democrats, switched support to Mr. Kohl's party.

They show few signs of being ready to switch again, despite the fact that Stern magazine reported this week that their chairman, Foreign Minister Klaus Kinkel, called Chancellor Kohl "a boor" and "a boor" for repeatedly interfering in foreign policy.

If he wants the chancellor's job, Mr. Scharping will have to lead the Social Democrats to a stronger position than the 33.5 percent of the vote they won in 1990.

The problem, as a string of speakers pointed out Tuesday, is how a party traditionally associated with the interests of the working class can appeal to post-modern Germans who are afraid for their jobs in the worst recession since World War II.

All the traditional left-wing remedies — higher government spending to create jobs, higher spending on unemployment benefits and welfare programs, for example —

are all now accepted as part of the problem that has priced German goods out of many world markets rather than as possible solutions to the problem of joblessness.

Raising taxes on the rich seemed the lowest common denominator in the speechmaking Tuesday, and Mr. Scharping said that would be all right with him.

Getting his party around to a responsible foreign-policy position may be his most difficult task, as he showed by devoting only five minutes of a 75-minute keynote speech to the subject.

Social Democrats will remain committed Europeans, he said, but they will also remain extremely reluctant to commit military forces to anything except self-defense on German territory.

Cabinet Aides Feud in Bonn

Reuters

BONN — A dispute between Germany's foreign and defense ministers has flared in public, with Klaus Kinkel reported on Tuesday to have called his colleague Volker Rühle "a boor" and "a boor" for meddling in foreign policy.

Stern magazine said Mr. Kinkel had complained to members of his liberal Free Democratic Party, junior partners of Mr. Kohl's Christian Democrats, about Mr. Rühle's push to expand his foreign policy influence.

The report, excerpts of which were made public ahead of publication on Thursday, said Mr. Kinkel had tried in vain to stop Mr. Rühle, a Christian Democrat, from making a recent trip to Asia on the grounds that it interfered with foreign policy.

"Rühle is a boor and a boor," the weekly quoted Mr. Kinkel as saying.

A Foreign Ministry spokesman could not be reached for comment on the report, but neither Mr. Kinkel nor his party issued a denial.

Mr. Scharping took Mr. Kohl to the Federal Constitutional Court in Karlsruhe this year over the chancellor's decision to send 1,700 troops to a pacified part of Somalia to help supply United Nations forces there.

"How we argued about constitutional law, about whether to go to court, whether to support a change in the German Constitution to permit such missions," he recalled Tuesday.

"But the mission had a very good humanitarian side," he reminded the delegates: "Hundreds of thousands of people did not starve to death because of it."

But later this week party delegates are to debate motions that include one declaring the UN mission in Somalia a failure, and calling for German troops to be pulled out as soon as possible. Even Mr. Rühle, who pushed his government to send them there to show that Germany was ready to take on new global responsibilities, now wants them out when American forces withdraw, by next spring.

Mr. Scharping suggested that nonmilitary solutions to such problems were preferable. "What would have happened a year ago if humanitarian organizations had come to us and asked for 500 million marks to help in Somalia?" he asked rhetorically. In fact, relief organizations asked the UN for military assistance to help them get aid past battling Somali factions to the people who needed it.

Hans-Jürgen Wischnewski, an old Social Democrat who did behind-the-scenes negotiations in Somalia and elsewhere for Mr. Schmidt in the old days, said of Mr. Scharping's performance: "He appealed to people's feelings, which is good. But he didn't talk enough about foreign affairs for my taste."

A few days ago in Brussels, Mr. Wischnewski said, Mr. Scharping and other European socialist party leaders agreed that not only peacekeeping but also peacekeeping missions would be internationally acceptable in the new world order. But Mr. Scharping did not repeat that position here Tuesday, and the party rank and file appears unlikely to adopt it.

EIRE: Shannon, Duty-Free Eden, Feels Short-Changed

Continued from Page 1

shop owner, Margaret Gammell, said she hoped she wouldn't have to let Miss O'Callaghan go, but she wasn't sure.

"I think this happened because of the money and the vested interests in Dublin," she said. "The west of Ireland is so small and so poor that it needs special treatment."

Government officials and some local businessmen say that the fears and dire predictions that the government would eventually withdraw the Shannon option were exaggerated in the debate.

"It was a tactic," said John Fahy, manager of the Limerick Inn Hotel and head of the regional hotel association. "We created that impression ourselves."

The change that allows Dublin-bound passengers to skip Shannon,

where they are required to get off the plane and are funneled to the duty-free shop for about 45 minutes, is part of a government plan to save Aer Lingus, the national airline. The company is being reorganized and reorganized in an attempt to overcome huge losses attributed to the international recession and, some say, government conniving at staff featherbedding in prosperous times.

Mr. Fahy, like other businessmen, vows to try to keep the tourists coming with an aggressive marketing campaign and bargain prices in the off-season.

Local officials and businessmen also point proudly to Shannon's history. In 1935, Charles Lindbergh, still at the height of celebrity, helped choose the place for a stopover airport in Ireland on the Shannon estuary, only 16 feet

(about 5 meters) above sea level, rarely closed by descending clouds. It was mostly for receiving flying boats. In 1943, Joe Sheridan, a bartender, mixed coffee and Irish whiskey to restore the spirits of chilled boat-plane passengers.

In 1945, the enlarged international airport was opened and the stopover rule was imposed. In 1951, the world's first duty-free shop was opened and millions of increasingly prosperous Irish-Americans began to come through Shannon, closer than Dublin to the western towns and villages of their ancestors.

When huge jets became able to fly the Atlantic without refueling, the region began to increase its tourist attractions, particularly the opening of medieval castles to spectacles of Irish dance and music, a kind of Celtic dinner theater.

ENEMIES: Anger in Military

Continued from Page 1

Chinese military officials, one thing seems clear: tempers have been flaring.

First, there was the U.S. sale of F-16 fighters to Taiwan last year. Then, in August, Washington imposed sanctions on China over the transfer by China of missile equipment to Pakistan.

These sanctions were announced in the midst of the Yinhe episode, which turned out to be a case of mistaken intelligence in which Washington said a Chinese cargo ship was carrying chemical weapons ingredients to Iran. An inspection proved it was not.

"The military was one of the institutions in China that was particularly offended by the sale of F-16s to Taiwan last year," a Western diplomat said. He added that there were "elements" in the Chinese military who would like their civilian leaders "to show more gumption in standing up to the United States."

A Hong Kong journal with close ties to Beijing recently carried an account of a confrontational meeting between Mr. Jiang and his generals on Sept. 8, and this account has been taken as credible by some analysts here.

Eight senior generals led by Defense Minister Chi Haotian were said to have met with Mr. Jiang to express their frustration over the "soft stance" Beijing was taking toward American "hegemonism" and "power politics."

The generals were said to have

become "very excited during the meeting" and presented the president with a petition signed by 180 high-ranking officers demanding that China should "take a solemn and just stand" against the United States.

Mr. Jiang was said to have calmed the generals by reminding them that since China had developed nuclear weapons in the 1960s, "we are no longer afraid of the threats and bullying of the two hegemons," meaning Russia and the United States, but the intensity of the encounter reflected the depth of convictions in the military.

Strong mistrust of U.S. intentions was also apparent from the 80-page book of military analysis that caught the eye of the Russian diplomat this fall.

The book was written under a pen name and published by South-west Normal University Press in Sichuan Province last June. Its author displayed the knowledge and experience of a seasoned member of the Chinese military establishment, diplomats here say.

JAPAN: Hosokawa Wins Key Vote on Reform Packet

Continued from Page 1

sokawa heads, strengthen his hand considerably in talks scheduled for Friday with President Bill Clinton in Seattle and, perhaps most important, give critical impetus to Mr. Hosokawa's goals of opening the economy and reining in the powerful government bureaucracy.

Not least, there were already signs that the deeply conservative Liberal Democratic Party, as well as the Socialist Party, could suffer damaging waves of defections because of dissonance over the legislation.

The face of Japanese politics is just beginning to change now for real," said Toshiro Seko, a political scientist at Tokyo University. "This shows that the government now has the political will to move on to the other issues, reform of the administrative system, reform of the economy, and even the trading system."

Kenzo Uchida, a popular political commentator, said, "When this passes and an election is held under

the new system, the old political structure will be in chaos."

The bills have many complex features and were the product of some shrewd compromises offered by Mr. Hosokawa and his coalition partners, but the basic provisions are straightforward.

In the current system, the 511 members of the more powerful lower house of parliament are elected in three- to six-seat districts, many of which were designed in the 1920s. That system often pits members of the same party against each other, encouraging them to compete not on the issues but by offering cash rewards or preferred access to government licenses and contracts.

Under the new bills, the number of seats would be reduced to 500, with cities gaining representatives and rural areas, whose population has been slowly declining for years, losing some. For instance, Tokyo's representation would grow from 21 to 23 seats.

A total of 274 of those members of parliament would be elected di-

rectly in single-seat constituencies. The remaining 226 seats would be filled on the basis of proportional representation by party affiliation. Voters would cast two ballots, one for the representative from their district and one for a party.

The angriest opposition came from the two parties that controlled Japan during the Cold War years — the Liberal Democrats, who are now in the opposition, and the Social Democratic Party, who have unassumed the position of the largest single party in the governing coalition.

The changes would eliminate what had been safe seats for some members of the two parties, while completely overturning their traditional means of financing election campaigns. As a result, some members of the parties warned that the public — which is solidly behind the reforms — would never forgive them if they refused to compromise, while others threatened to quit the parties if there was too much compromise.

NAFTA: Clinton Believes Victory on Trade Is in Sight

Continued from Page 1

just as the deficit-reduction plan passed the Senate after the administration brought over just enough senators by promising the favors that are any administration's stock in trade.

This deal-making angered the unions and their supporters. "It's a man's way of doing business," said Representative Marry Kaprur, Democrat of Ohio.

"For President Clinton and many of the men involved, winning

has become more important than many of the values involved," she said.

Perhaps, but some of Mr. Clinton's own supporters with his done more of this earlier in his administration rather than appearing in liberal wing. This time, he is arm-twisting, appealing to business groups, and courting Republicans.

Bill Frenzel, a former Republican congressman from Minnesota who has been advising the White House, predicted that the trade agreement would pass.

Partly on Mr. Frenzel's advice, Mr. Clinton has been promising Republicans who vote for the agreement that he will offer them a measure of electoral protection by reminding the voters that a "yes" vote should not be a reason for defeating a congressman in the next elections.

This brought an attack from Lane Kirkland, president of the AFL-CIO, who accused Mr. Clinton of abandoning his role as leader of the Democratic Party.

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CAP

STAGE/ENTERTAINMENT

LONDON THEATER

'The L.A. Plays': Still Waiting for A Main Feature

By Sheridan Morley
International Herald Tribune

LONDON — "The L.A. Plays" by Han Ong (at the Almeida) is what in that movie capital would be classified as the trailer rather than the full feature. In rather less than two hours we get two fragile, fragmentary pieces linked by a central character, who, knowing neither whence he is coming nor whither he is going, gets tossed around from prison to audition,

the rituals of photography being much the same in both instances. We are meant to see yet another bleak map of the borderline where the American immigrant dream turns into a nightmare. These are sketches from the street life of Los Angeles, its hustlers and its misfits, its victims and its losers all glimpsed in fast-forward on their way to an AIDS ward, for even death seems to come faster in California.

'Eurovision' Will Close On Nov. 27

International Herald Tribune

LONDON — Andrew Lloyd Webber announced on Tuesday that he was closing "Eurovision," which opened only last week, on Nov. 27. He blamed "negative critical appraisal."

Lloyd Webber did no favors to Tim Luscombe by promoting "Eurovision" from its origins in a gay-theater festival to the infinitely harsher commercial glare of the West End. What seemed a mildly diverting cabaret at the Drill Hall a couple of years ago is a hopelessly shapeless shambles at the Vaudeville, not much helped by Luscombe's doubling as director and author, nor by a cringe-making central performance from Anita Dobson as the song-contest hostess possessed by the Spirit of Europe.

The scenario is ambitious. We open in ancient Rome with the Emperor Hadrian (Simon Dutton, looking suitably embarrassed in something halfway between a toga and a turtleneck) losing his boyfriend and vowing to find him again across the ages. We then cut to a couple of thousand years to modern Rome, whither have come a gay Eurovision camp follower (James Dryfus) and his faithful air-stewardess lover (Charles Edwards) in search of another gay couple, singers in the contest in danger of being hauled out of the closet. Somewhere in here are the vestiges of a gay farce, but the musical trappings of "Eurovision" (complete with parodies of winning entries by Jason Carr) get in the way of what passes for its plot. Luscombe is a talented and stylish director when given a halfway decent script. Here he was given something less than that.

Sheridan Morley

Filming the Unfilmable Novel: 'The Butler'



Anthony Hopkins and Emma Thompson in a scene from "The Remains of the Day."

By Caryn James
New York Times Service

NEW YORK — As the repressed butler in "The Remains of the Day," Anthony Hopkins carries the weight of the film literally in his shoulders. When he plays the aging Stevens of the 1930s, Hopkins's shoulders are slightly hunched up and rounded, so full of tension they look painful.

In flashbacks to Stevens in his prime during the 1930s, the shoulders are less tense. In those days of Stevens's blind and self-satisfied devotion to his master, Lord Darlington, the butler has a rigid bearing and placid face, though his worried eyes hint at the merciless of his emotional life.

The actor's posture is one visual equivalent of the self-debated and defensive monologue by Stevens that makes up the English writer Kazuo Ishiguro's 1989 novel, on which the film is based.

What is "a great butler," Stevens fustily wonders in the novel. Who "set the standards amongst our generation?" That sense of a generation whose time and standards have passed is a major theme on the page. Stevens's missing about it is absent from the film, but Hopkins's punctilious diction and changing posture provide perfect cinematic equals.

"The Remains of the Day" is the deepest, most heartbreakingly real of the many extraordinary films directed by James Ivory,

produced by Ismail Merchant and written by Ruth Praver Jhabvala. And in a season rich with dazzling literary adaptations, including "The Age of Innocence" and "Short Cuts," it is the most sublime and difficult accomplishment.

It is based on an apparently unfilmable novel, whose action is largely that of a mind sitting through the past.

The way the filmmakers have adapted the book while preserving its spirit suggests what is superb about the movie and speaks to some fundamental differences between fiction and film.

The very qualities that enrich the novel make it a dare for a screenwriter. On the page, Stevens is an unreliable narrator and stings with details. The frame of the story is his journey from Darlington Hall, where he now works for a rich American, to the countryside where he will meet the former housekeeper, Miss Kenton, after 20 years.

Harold Pinter, who bought the rights to the Ishiguro novel before it was published. Though "The Remains of the Day" is unmistakably a Merchant-Ivory-Jhabvala film, it took quite a while to get that way. Mike Nichols originally intended to direct the Pinter script. When he chose to pass, he stayed on as a producer. Merchant and Ivory were brought in, and they in turn brought along Jhabvala as writer.

As Nichols explained, "Pinter's approach was more austere and had more mystery. Jhabvala filled us in completely." Her version was "clearer and more accessible."

Jhabvala found what was under the surface of the story and made it concrete without destroying its mystery. Her dialogue is sometimes straight from the book ("History could well be made under this roof," Stevens tells the staff before one of Lord Darlington's political conferences) and sometimes only sounds as if it is.

The film's point of view is almost exclusively Stevens's; as in the novel, that device allows us to see and hear only what he does but usually to understand much more.

The most important change is the expanded role of Miss Kenton. In the novel, the housekeeper is a shadowy figure, whom Stevens can scarcely admit he might have been attracted to once. On screen, played by

Emma Thompson in a performance as exquisitely poignant as Hopkins's, she is a woman whose affection for Stevens slowly becomes apparent.

When she finally flirts with him, after years of working together, the scene is even more effective than on the page. She must physically back him into a corner in his own sitting room. It is, of course, a doomed overture, but the moment resonates with the audience's sympathy for Miss Kenton and the hope that Stevens might respond.

She understands that the orderliness of his profession provides the substance of his life; in fact, she possesses a comfortable aloofness of her own. Their relationship uncovers the dramatic and passionate possibilities in the story of a determinedly unpassionate man.

The film's emotionally devastating ending is evoked by the sense that both Stevens and Miss Kenton have missed great love and happiness. "There are times when I think, 'What a terrible mistake I've made with my life,'" Miss Kenton says at her final meeting with Stevens in the 1930s.

In the novel, that line is almost a revelation, adding to the reader's meager proof of her affection for Stevens decades before. (Provided Stevens's memory of the dialogue can be trusted, which it can.) On screen, that affection has been evident, and the same line becomes an elegy for the possibilities we have seen evaporate before our eyes.

Sparkling Debuts and Star-Turn Revivals

By Thomas Quinn Curtiss
International Herald Tribune

PARIS — Playwrights in Paris this autumn are bringing comic relief and the season's start is stocked with diverting escapes. There is a journey new farce at the Variétés: "Le Diner de Cons" (The Dinner Dumbbells) by Francis Veber.

The well-behaved antithesis of this comedy has a spiteful streak and indulges in practical jokes. He collects stupid fellows below his station and invites them to his table for sport. His wife is disgusted by his habits and walks out on him,

and it is a slow-witted guest who saves the marriage. Jacques Villaret as the obese clown and Claude Brasseur as his insidious host conduct the scramble to boisterous laughter.

Françoise Dorin, who has written many hits, has another with "Le Retour en Touraine" (Theatre de l'Œuvre). Known for her mundane dialogue and wit, Dorin presents us with an angry middle-aged father who loathes the current times, from rock to porn, and almost goes crazy when he finds that his young daughter is appearing in salacious movies and stark naked on billboards. His elderly mother, more modern than he, takes him to

tranquil Touraine to calm him down. Jean Fiat as the enraged father, Gisele Casadesus as his mother and Alicia Alonso as the daughter who attempts to understand him provide a trio of exemplary interpretations.

There is some superlative acting to be seen in Paris this season in three revivals.

Jean-Paul Belmondo has returned to be the dandy of the 1890s who tells so many lies that he can't remember them and is forced to disguise himself as a courtesier in Georges Feydeau's "Chevert" (Theater de Paris). Bernard Murat staged it so

that it moves at the pace of Mack Sennett's slapsticks. Gérard Desarthe is proving his high reputation again as the outcast gambler of Pierandello's "La Volupté de l'Honneur" (known in English as "The Pleasure of Honesty") at the Hébertot.

The reprise of Henry de Monthérlant's eloquent drama of 17th-century Spain, "Le Cardinal d'Espagne" (Madelaine), is distinguished by Simone Valère as the demented Queen Joanna of Castile and by Jean Desailly as the

churchman who falls from power. The rock opera, "Starmania," by Michel Berger and Luc Plamondon, had its premiere at the Palais des Congrès in 1979. It is in Paris again at the Mogador, greatly improved by Lewis Furey's direction and a company of artists who sing, dance and exhibit acrobatic feats, while strobes flash and rock music grows louder and louder.

On Friday nights, it is played by its bilingual cast in English under the title "Tycoon."

Academy Bends Its Rules

Foreign Films On Oscar List

By Elaine Dutka
Los Angeles Times Service

LOS ANGELES — Relaxing its new qualifying guidelines for best foreign-language film Oscar consideration, the Academy of Motion Picture Arts and Sciences has accepted three widely acclaimed movies that would not have otherwise made the cut.

"The Scent of Green Papaya," the debut film of director Tran Anh Hung, which is the Vietnam entry, will join the Taiwanese entry, "The Wedding Banquet" (winner of the Golden Bear at the Berlin film festival), and "Farewell My Concubine" (co-winner of the Golden Palm at Cannes) from Hong Kong on the list of 30 films from which the top five nominees will be selected. The academy also disclosed that "Trois Couleurs: Bleu," winner of the Golden Lion at the Venice film festival, has been rejected since it was shot in French rather than Polish — the language of the submitting country — when, in its opinion, the plot didn't call for it.

The academy's guidelines suggest that no foreign-language film is eligible for an Oscar unless three conditions are met. Of the producer, director and writer, two should be from the country submitting the film. That country should be represented in three of the six main creative areas — art director, cinematographer, costume designer, editor, sound mixer, music composer. Finally, actors from the submitting country should constitute a "significant element" of the film.

"The standards are complex, antiquated and senseless," says Jeff Lipsky, co-founder of October Films, which is distributing "Cronos," a Mexican entry unaffected by the new guidelines. "Yet the academy won't candidly admit that anything is wrong with any part of the Oscar process."

Ray Price of First Look Pictures, U.S. distributor of "Scent," added: "I emphasize with the academy's effort to discourage films from 'shopping' nationalities — if a country A doesn't submit it, they check out country B. But in trying to define ethnic origin, the criteria may be misleading and create problems entirely different from the intent."

Arthur Hiller, president of the academy, emphasizes that these criteria are not "edicts." Judgments will be made on a case-by-case basis by the 10-person executive committee and announced at the end of the month. Eligible films will then be evaluated by the 300 to 400 members of the screening committee to determine the five nominees.

MILES AWAY: A Walk Across France

By Miles Morland. Illustrated. 238 pages. \$21. Random House.

Reviewed by Bruce Weber

STORIES of journeys line one of literature's longest shelves. To set off on a path with a goal in mind and eventually, after great effort, to reach the goal is, after all, a perfect prescription for a narrative.

These days, the problem with books about journeys, literal ones, anyway, is that by now the most outlandish and challenging ones have already been taken and described.

We've climbed Everest, swum the Channel, ballooned the Atlantic, rocketed to the moon, sailed solo around the world. A one-legged man has jogged across the United States. Siberia has been bicycled, the Amazon paddled, Antarctica traversed by dog sled. At this point, who cares if somebody walks across France? And a skinny part of France at that?

It is to the credit of Miles Morland, an successful investment banker who in 1989, with his wife, Ghislaine, undertook a 553-kilometer (about 346-mile) stroll from the Mediterranean to the Atlantic just north of the Pyrenees, that such a relatively modest feat comes to seem a happy achievement.

chronicle of the trip, from his and his wife's fussy budget planning and pacing through their winning and meaning as their muscles got used to regular exertion to their rather subdued and relieved-sounding celebration in the shallow surf of France's Atlantic coast.

This isn't exactly an adventure story. The walk, which takes 25 days, is a civil enterprise, with wine for lunch daily, followed often by a nap. There isn't much drama or

danger, though some of the hotels the Morlands have to stay in are a little seedy. Their chief obstacle is their own previously sedentary middle age, which is why the tale ends up a satisfying one, because they end up overcoming it.

Morland, an Englishman, was 45 when he resigned, rather abruptly, from his job at the head of the London office of a Wall Street investment firm. The Walk, as he and his wife came to call it, with a

secret W, was to be the beginning of a new kind of life. Along the Walk, he tells us a little about the old life — how he got his first job, how he managed to sidle up the corporate ladder — and judging from the gentle tone of Morland's prose, it's no wonder he gave it up. He didn't fit in. There are amusing character sketches of a few of his former colleagues, drawn madmen all of them, hard drinkers with steely gazes and icy blood. Morland is the

BOOKS

12 THE GOLDEN MEAN, by Nick Bantock 11 10
13 THE CLIENT, by John Grisham 12 35
14 GRIFFIN & SABINE, by Nick Bantock 15 43
15 VANISHED, by Danielle Steel 16 14

NONFICTION
1 PRIVATE PARTS, by Howard Stern 1 4
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3 EMBARRASSED BY THE LIGHT, by Betty J. Eadie 3 27
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1 STOP THE INSANITY!, by Susan Forward 1 5
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kind of guy who memorizes poems by Gerard Manley Hopkins. Morland writes with the breezy self-deprecation of a fortunate and well-educated man. He tells us of his fussy preoccupation with maps, his delight in comfortable shoes. He has a pleasantly acerbic wit when it comes to describing the occasional irascible innkeeper.

He also tells us something about his relationship with Ghislaine, a Frenchwoman whom he met in 1970 when both were living in New York. The courtship took place over several years and two continents, and Morland narrows some of its more charming moments. But apparently there were also some rough spots, because the marriage foundered. The two divorced, and then, three years later, remarried.

This is Morland's ripest personal magnet, and he uses it provocatively, wondering, at the start of the book, about the future of his marriage now that its financial foundation has been undermined and worrying whether the Walk might rekindle his and Ghislaine's problems.

This is an unimpressive tale, without the universal resonance of some personal accounts of travel. Miles Morland isn't Joseph Conrad or Thor Heyerdahl. But if you listened to him tell his story over dinner, you'd probably enjoy yourself.

Bruce Weber is on the staff of The New York Times.

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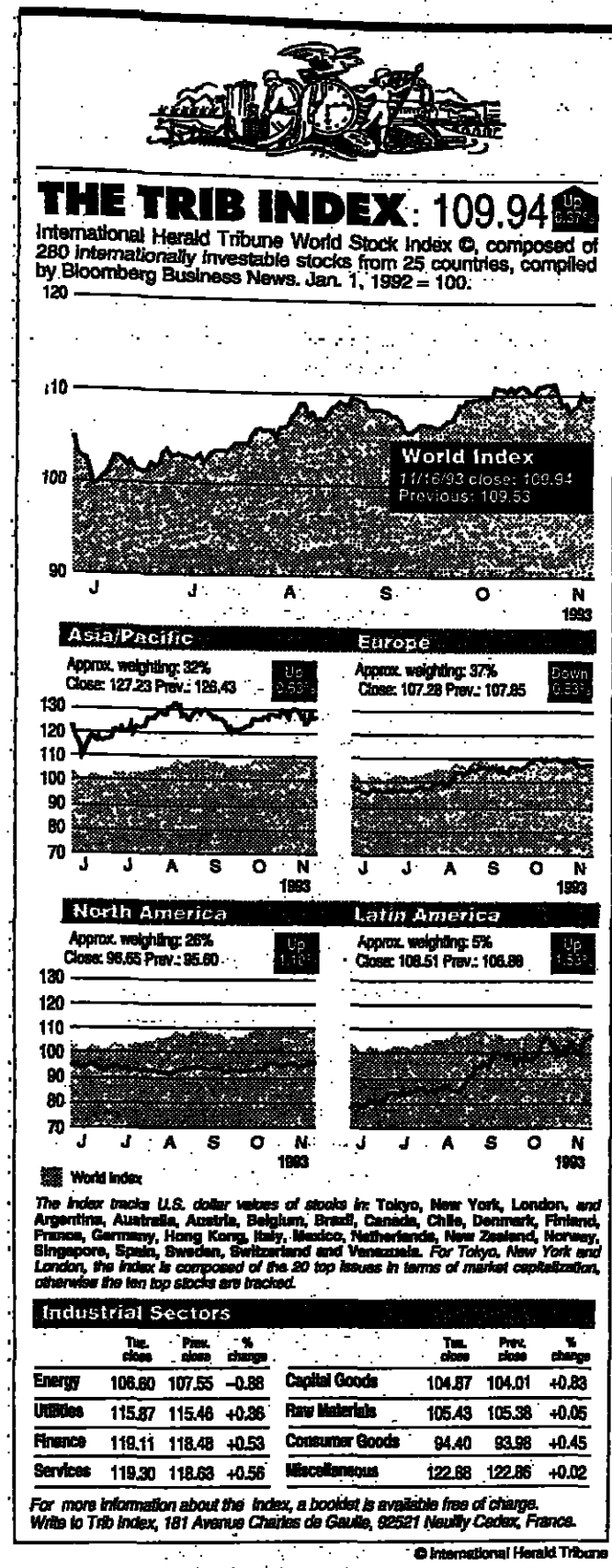
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ABC Buys A Share In Nordic Television

NEW YORK — Capital Cities/ABC Inc. is pursuing its expansion into Europe, said Tuesday that it had agreed to buy a 16 percent stake in Scandinavian Broadcasting System SA and warrants to purchase an additional 5 percent.

In addition, Capital Cities has the right to acquire up to 25 percent of Scandinavian's outstanding shares in the open market.

Scandinavian Broadcasting owns and operates four commercial television stations in Sweden, Norway and Denmark.

"This is an absolutely perfect fit for both companies," said Melissa Cook, media and broadcasting analyst with Prudential Securities Inc. "It's like looking at the TV industry in the U.S. in the 1950s."

She said Scandinavian has hit shows in Norway with versions of "The Dating Game" and "Wheel of Fortune." In Sweden, "The Oprah Winfrey Show," which it syndicates, is a popular show.

Capital Cities last month formed ABC Cable & International Broadcast Group to look for investments in foreign broadcasters and producers.

In addition, the unit oversees the company's recently purchased 33 percent stake in Hamster, a French producer, 25 percent in Tassaró of Spain, 50 percent in London-based Molinare and 50 percent in Telemünchen in Munich. Along with a stake in a British cable company, Capital Cities controls 33 percent of Eurosport, Europe's largest sports network.

Time Plans New Service

Time Warner Inc. said it would create an interactive video news-on-demand service for its full-service network, using the resources of Time Inc. and its New York 1 news. Reuters reported Tuesday from New York.

The video service, which will provide custom-tailored news and information, will be run by Walter Isaacson, Time magazine's assistant managing editor.

Coal Woes Rock Germany Jobs and Demand Shrink in the East

By Brandon Mitchener
International Herald Tribune

JANSCHWALDE, Germany — Five kilometers long and 60 meters deep (three miles and 200 feet), the gaping Ostgreize open-pit lignite mine near the Polish border once symbolized East German energy independence, as did the power plant it fed, a 3,000-megawatt monster named Black Pump.

"Black Pump will be the most modern brown-coal electric power plant in the world — and the most beautiful," Martin Martiny, an official of the capital of Brandenburg state, which has already seen its textile industry vanish and wants to keep brown-coal jobs well into the next century.

Horst Gramlich, Potsdam's mayor, cited both environmental and financial reasons for the decision. "In times where cities are worried about every penny, this is a reasonable proposal," he wrote in a letter to voters.

Mr. Gramlich also said Potsdam should not be made to bear responsibility for the problems of the Lausitz region, where brown-coal mining is concentrated. "The state, not the city, should come up with forward-looking concepts" on coal, he said.

Hans Berger, head of the IG Bergbau & Energie miners union, said 10,000 additional jobs could be lost in a worst-case scenario in which most of the big cities of Eastern Germany decide to build their own oil and gas power plants instead of buying power from VEAG AG, the regional monopoly.

More than 150 municipalities in the East have applied for permission to build their own utilities, and around two dozen applications have already been approved. They are allowed to build the utilities as long as they can convince their local economics ministry that it would be more economical than buying power from VEAG.

There seems to be little chance that brown coal will continue to supply 70 percent of the region's electricity needs, as was foreseen in a long-term electricity pact signed by the last independent East German government and eight West German electricity distributors.

In 1990, VEAG produced about 71 percent of the electricity consumed in East Germany, with industry and municipalities generating 21 percent and 14 regional utilities the remaining 8 percent. Brown coal supplied 98 percent of the country's primary energy needs.

The decision was significant because Potsdam is regional utility, said recently. The plant's three smokestacks and nine cooling towers are visible for miles.

Even as clean-coal technology advances, however, Eastern Germany's industrial collapse has made demand for electricity shrink by half since reunification. Both citizens and municipalities in the East have turned their backs on coal in favor of imported natural gas and oil — despite the threat to the local mining industry's remaining 30,000 jobs, half the pre-unification figure.

"There are a lot of cities where gas is as good as decided," said Rita Haack, a spokeswoman for the city of Potsdam, which overruled protests from labor and state government leaders in approving a 175 million Deutsche mark (\$104 million) power plant fired primarily by natural gas.

The decision was significant because Potsdam is

GM Sees End To Losses in North America

Compiled by Our Staff From Dispatches

RYE BROOK, New York — General Motors Corp. said Tuesday it should break even in its North American operations and turn an overall profit in 1994, giving a boost to the company's shares.

The announcement, made at a gathering of Wall Street analysts, marked the first time the automaker had made a prediction of how it would fare next year.

The statement sent GM's stock rose \$1.25, to \$32.75, in heavy trading on the New York Stock Exchange. That was its highest level since the first quarter of 1990 on a split-adjusted basis, according to Biriayi Associates Inc., an equity research firm.

Jack Smith, chief executive of GM, stopped short of saying that the North American operations would turn a profit next year. If it were achieved, a profit in the company's biggest business sector would be its first since the late 1980s.

"Our efforts to produce net income in North America are supported by the steps we're taking to refocus and restructure, to cut costs and at the same time improve product quality," Mr. Smith said.

"We're on track to achieve our 1993 North American target of break-even before interest, taxes and retiree health care expense," he said. "That represents a \$10 billion turnaround in North American operations from 1991."

Mr. Smith also said that GM had achieved a reduction in the cost of its materials by \$4 billion in North America from 1991 through 1993, including more than \$2 billion this year.

"Lean-manufacturing initiatives" have resulted in a 12 percent reduction in assembly hours per vehicle this year, he said.

GM had said Monday that it would move \$5.7 billion in Electronic Data Systems Corp. stock into pension funds to help ease its \$24 billion unfunded pension liability.

The unusual move, announced in GM's quarterly filing with the Securities & Exchange Commission, will require approval by several government authorities as well as by the company's directors.

GM's pension liability is the gap between the benefits it owes to retired employees and what it has set aside to pay for them.

The stock transfer would accelerate the pace at which GM can reduce its liability, said Rick Wagoner, the automaker's chief financial officer.

By using stock, the company, which is restructuring in hopes of returning to profitability, does not have to dip into cash flow to lower its liability, although it will continue to make required annual payments to the funds.

Heidi Kuntz, GM treasurer, said the company still seeks to eliminate its pension shortfall by the end of the decade. "The goal remains the same, but the plan is to get there a lot sooner," she said. "If we were to do this in lieu of regular payments, the liability would not go down."

While it is improbable that GM would ever have to come up with all the money at one time, the company will have to pay benefits at a fast rate. Many employees are expected to retire early as GM cuts tens of thousands of jobs in the next few years.

(Reuters, APX) (AP, Knight-Ridder, Bloomberg)

Bundesbank Nudges Repo Rates Lower

Compiled by Our Staff From Dispatches

FRANKFURT — The Bundesbank trimmed its money-market repurchase rate on Tuesday by a bigger margin than expected, but economists doubted this heralded a cut in key interest rates at the bank's council meeting on Thursday.

Economists said the Bundesbank probably would wait for November inflation data and October money-supply figures before making a rate cut in its symbolically important discount and Lombard rates in December. But mindful of the surprise tactics used four weeks ago — when the Bundesbank cut its discount rate to 5.75 percent from 6.25 and lowered the Lombard rate to 6.75 percent from 7.25 — few were willing to rule out a move on Thursday.

The three rates are charged on Bundesbank loans to commercial banks; the discount forms a floor for the money market, and the Lombard, a ceiling. The Bundesbank guides interest rates by moving the repo rate between the other two.

The cut on Tuesday in the repurchase rate to 6.29 percent from 6.38 percent was seen by most economists as paving the way for a December rate cut.

"I don't see this repo operation as a signal for a move on Thursday," said Richard Reid, chief economist at UBS in Frankfurt. "I think we will see a cut in headline rates before Christmas and the nine basis point cut is still consistent with the view that this will come."

"It would be a bit early this week," agreed Stefan Schneider, chief economist at Nomura Research Institute. "We could see a one-quarter or one-half point cut in the discount rate in December."

Mr. Schneider warned, however, that the Bundesbank might again move at a time when most market players were not expecting a new rate cut, to avoid a build-up of expectations ahead of council meetings that take place in December.

Some economists said the outcome of the U.S. House of Representatives vote on Wednesday on the North American Free Trade Agreement may have some influence on the Bundesbank's deliberations this week. They said a defeat of the agreement was likely to weaken the dollar and that this might allow the Bundesbank more room for maneuver to decide new rate cuts.

(Reuters, APX)

MEDIA MARKETS Jackson, Pepsi and the Fizzle

By Michael Janofsky
New York Times Service

NEW YORK — With the stress of child-molestation accusations forcing him to cancel a world tour and seek treatment for a dependency on painkillers, Michael Jackson has given corporate America another powerful argument against using celebrities to endorse its products.

As the latest entertainment icon to suffer from public fascination, Mr. Jackson joins other stars whose recent difficulties resulted in various forms of public or corporate scorn: Magic Johnson, for his disclosure that he had contracted the virus that causes AIDS; Michael Jordan, who fought a perception that he had a gambling problem; Madonna, whose video work has outraged some for its sexual, ethnic and religious themes, and Burt Reynolds, for divorcing his wife of five years, Lori Anderson.

But specialists doubted that the woes of Mr. Jackson, whose lucrative relationship with PepsiCo Inc. ended Sunday, would deter other major companies from seeking athletes and entertainers for advertising and promotional deals.

"I don't think it will have a terribly big effect," said Don E. Schultz, a professor of integrated marketing communications at Northwestern University's Medill School of Journalism. "When companies go into this kind of arrangement, they know it's a risk."

Mr. Jackson worked with PepsiCo for nine years as a star in commercials and as a performer in concerts sponsored by the company, including his latest world tour of five countries in 18 months. The tour was scheduled to end next month. After he abandoned the remaining concerts last week to seek treatment for drug dependency, PepsiCo announced it no longer had a relationship with him.

In many ways, Mr. Jackson's association with PepsiCo was a success, and it played a major role in the company's battle for market share with Coca-Cola.

Jesse Meyers, publisher of Beverage Digest, said Mr. Jackson's impact on Pepsi sales had been a major factor in Coca-Cola Co.'s decision to change its formula in 1985. The move by Coke proved to be a disaster, and the new formula was abandoned.

"The real key to Jackson's strength is that he brought in the pre-teen and teen group, who strongly emulate a lot of things they see in commercials."

Coca-Cola soft drinks lead Pepsi in market share by 41 percent to 32.4 percent in the United States, and by 46 percent to 17 percent worldwide, he said.

Mr. Meyers said Pepsi's experience with Mr. Jackson, after its problems with Mike Tyson, the imprisoned former boxing champion, and Madonna, would dissuade many corporations from using flamboyant celebrities as promotional vehicles.

"I think it's over for a little while," he said. Referring to a current Coca-Cola advertising campaign, he said the Jackson episode had made a strong case for "polar bears as an easier way to heaven than an androgynous rock star."

But other marketing specialists said they were not convinced that Mr. Jackson's problems would influence decisions by other companies to seek celebrities — except to make them more cautious.

"You always step back after something like this," said Marty Mackan, president of Blackman & Raber, an entertainment agency in New York. "It will force the major corporations to have to know the character of the person they're dealing with."

Irish Lead EC in Pursuit Of Pleasure

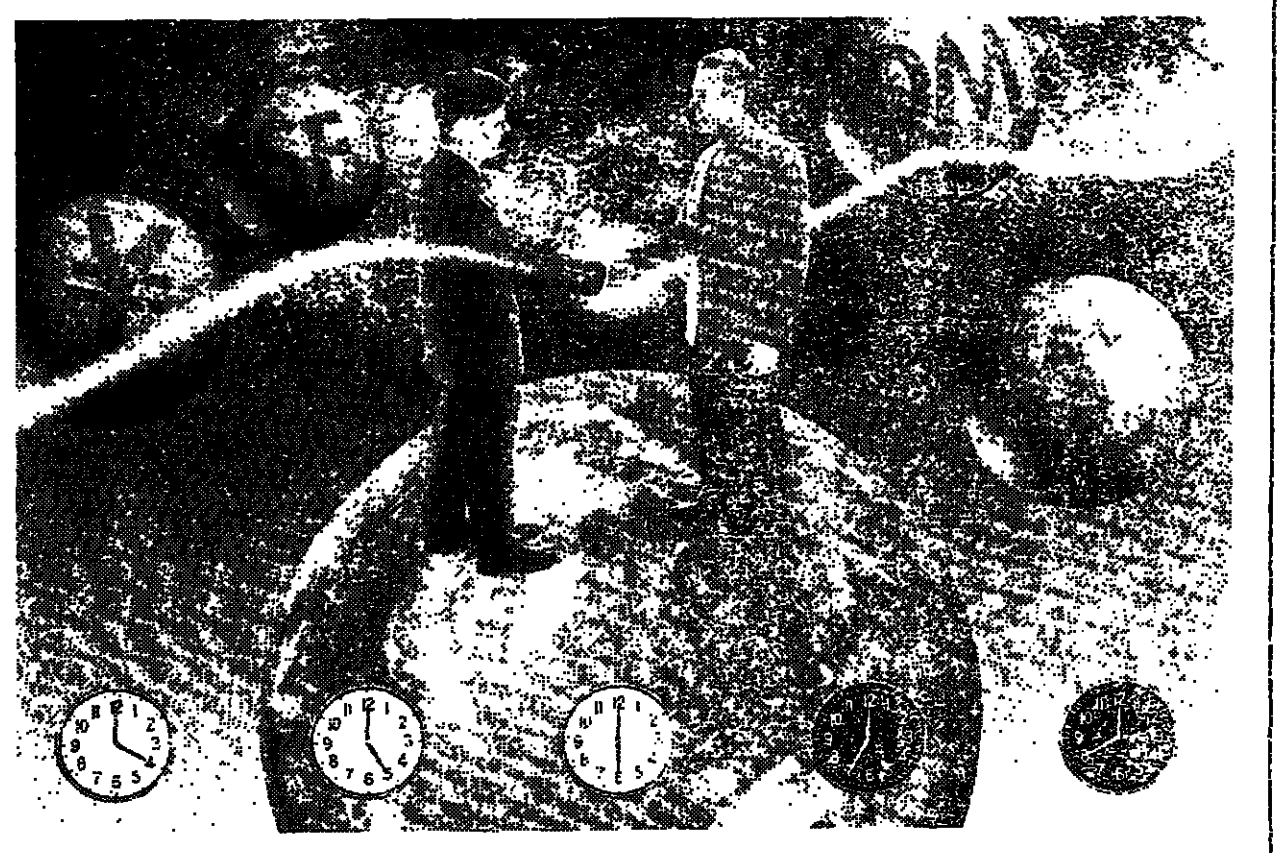
BRUSSELS — The Irish have the most fun, or at least spend more of their household funds looking for it, while Luxembourgers are the European Community's party-poopers, according to statistics released on Tuesday.

Eurostat, the 12-nation bloc's number-cruncher, said Irish families topped the so-called Fun Index, spending a larger percentage of their household income on recreation, education and entertainment than families from elsewhere in the EC.

In 1990, the last year for which data are available, families in Ireland spent 11.1 percent of income on recreation and the likes. Eurostat said. Other fun-seekers were the Dutch at 10.6 percent, the Danish 10.3, and the British 9.9. Luxembourg, where Eurostat is based, spent a only 4.3 percent, far and away the lowest, the report said.

Elsewhere, the reports suggest that drinking, eating at home and smoking are taking a reduced place in household budgets, while more is being spent on personal care, hotels, restaurants and tourism. The agency said drink, tobacco and food spending throughout the 12 nations accounted for 20 percent of household consumption in 1990, down from 25.2 percent in 1977.

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CURRENCY & INTEREST RATES

Cross Rates				Eurocurrency Deposits				Key Money Rates			
	Nov. 16	Nov. 15	Nov. 14		Nov. 16	Nov. 15	Nov. 14		Nov. 16	Nov. 15	Nov. 14
Australian \$	1.57	1.57	1.57	1-month	3.3%	3.3%	3.3%	3-month	3.3%	3.3%	3.3%
British £	1.63	1.63	1.63	6-month	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
Canadian \$	1.00	1.00	1.00	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
French F	166.67	166.67	166.67	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
German M	1.93	1.93	1.93	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
Japanese ¥	136.74	136.74	136.74	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
Swiss S	1.75	1.75	1.75	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
Other Dollar Values				1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
Argentine \$	1.00	1.00	1.00	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
Australian \$	1.57	1.57	1.57	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
British £	1.63	1.63	1.63	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
Canadian \$	1.00	1.00	1.00	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
French F	166.67	166.67	166.67	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
German M	1.93	1.93	1.93	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
Japanese ¥	136.74	136.74	136.74	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%
Swiss S	1.75	1.75	1.75	1-year	3.3%	3.3%	3.3%	1-year	3.3%	3.3%	3.3%

MARKET DIARY

Dow Rises to Record Ahead of Trade Vote

NEW YORK — Blue-chip stock prices roared ahead and pushed the Dow Jones industrial average to a record close Tuesday as investors bet the House of Representatives would approve the North American Free Trade Agreement.

Volume amounted to about 304 million shares, up from 250 million. GM rose 1 1/2 to 53 after the announcement of a plan to redress the underfunding of the company's pension plan.

N.Y. Stocks

Stock Exchange. While most broad-market indexes were up, the Nasdaq composite index of over-the-counter stocks slipped 0.16 point, to 771.69, and the American Stock Exchange index fell 3.09, to 464.73.

If NAFTA is killed, the psychological ramifications of rising U.S. protectionism and isolationism could send stocks sliding, traders said. Some analysts warned a sell-off after a "no" vote could drive the Dow down as much as 400 points.

But late in the day, the market began to perceive a shift in political opinion toward a likely approval of the accord, although by a narrow margin, lifting the blue chips.

Dollar Rises as Traders See NAFTA Prevailing

NEW YORK — The dollar rose Tuesday, touching a three-month high against the Deutsche mark before settling back slightly in afternoon trading.

Some dealers said the move was a technical one, with the currency driven upward by traders who had been taken by surprise by its initial strength.

Foreign Exchange

driven upward by traders who had been taken by surprise by its initial strength. Others said it may have reflected expectations that President Bill Clinton would win the vote on the North American Free Trade Agreement scheduled in the House of Representatives on Wednesday.

Amex Diary

Advanced Declined 107 87 Unchanged 27 27 Total Issues 134 114 New Issues 15 11

NASDAQ Diary

Advanced Declined 129 129 Unchanged 426 426 Total Issues 555 555

Amex Diary

Advanced Declined 107 87 Unchanged 27 27 Total Issues 134 114 New Issues 15 11

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NASDAQ Diary

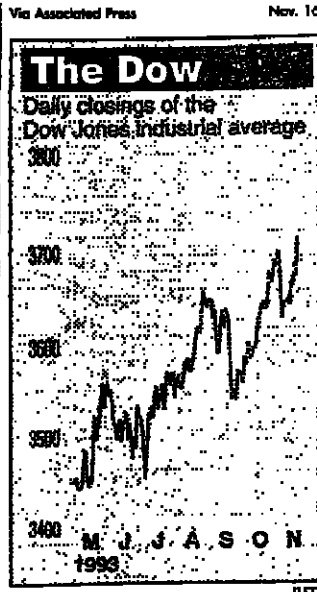
Advanced Declined 129 129 Unchanged 426 426 Total Issues 555 555

Amex Diary

Advanced Declined 107 87 Unchanged 27 27 Total Issues 134 114 New Issues 15 11

NASDAQ Diary

Advanced Declined 129 129 Unchanged 426 426 Total Issues 555 555



The Dow Daily closings of the Dow Jones industrial average

300 M. J. J. A. S. O. N. 1993

NYSE Most Actives

Table with columns: Vol, High, Low, Last, Chg. Lists top active stocks like IBM, Microsoft, and Intel.

AMEX Most Actives

Table with columns: Vol, High, Low, Last, Chg. Lists top active stocks on the Amex.

NYSE Diary

Table with columns: Class, Prev., Adv., Decl., Unch., Tot. Issues.

Amex Diary

Table with columns: Class, Prev., Adv., Decl., Unch., Tot. Issues.

NASDAQ Diary

Table with columns: Class, Prev., Adv., Decl., Unch., Tot. Issues.

Amex Diary

Table with columns: Class, Prev., Adv., Decl., Unch., Tot. Issues.

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COFFEE (LCE)

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WHEAT (CBOT)

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GERMAN GOVERNMENT BOND (LIFPE)

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Basell

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Baxter to Cut 4,500 Jobs

DEERFIELD, Illinois (Combined Dispatches)—Baxter International Inc. said Tuesday its board had approved a restructuring that would trim the company's work force by 7 percent, or 4,500 people, over five years.

The hospital-supply concern said it would take a pretax charge against fourth-quarter earnings of \$700 million and would have a loss for the fourth quarter and the year. Baxter said it expected pretax savings resulting from the plan of about \$100 million in 1994, \$275 million in 1995 and more than \$350 million in 1996.

Westinghouse to Sell Activa Stake

WASHINGTON (Combined Dispatches)—Westinghouse Pension Investment Corp., a unit of Westinghouse Electric Corp., said it intended to sell all of its 6.2 percent stake in Activa Group Inc., formerly Puqua Industries Inc., in 1994.

Westinghouse said that for debt owed to the company, according to a Schedule 13D filed Tuesday with the Securities and Exchange Commission. The Westinghouse unit said it may sell the shares back to Activa or to other buyers if Activa requests this.

Morgan Stanley Profit Jumps 64%

NEW YORK (Bloomberg)—Morgan Stanley Group Inc. said Tuesday that profit in the third quarter surged 64 percent, led by increases in commissions and interest income.

Morgan Stanley, one of America's largest securities firms, said net income was \$181.7 million, or \$2.20 a share, compared with \$110.6 million, or \$1.26 a share, a year earlier. The results exceeded analysts' forecasts of \$2.19 a share, according to Zacks Investment Research.

Philip Morris Considers a Charge

WASHINGTON (Bloomberg)—Philip Morris Cos. said Tuesday it may take a significant charge against fourth-quarter earnings for proposals to cut costs throughout the company's tobacco and food operations.

According to a filing with the Securities and Exchange Commission, the company's management plans to present several cost-cutting measures at a board meeting scheduled for Nov. 24. The New York-based consumer-products company did not disclose the size of the possible charge or details of the proposals.

J.C. Penney Posts Higher Earnings

PLANO, Texas (Bloomberg)—J.C. Penney Co. said Tuesday its third-quarter operating profit rose 19 percent to a quarterly record, reflecting a 9.1 percent increase in sales and slightly higher profit margins.

The retailer said operating profit in the quarter ended Oct. 30 was \$221 million, or 83 cents a fully diluted share, compared with \$185 million, or 70 cents, a year earlier. Revenue rose to \$4.7 billion from \$4.3 billion.

For the Record

Wang Laboratories Inc. said it had profit of \$11.9 million in its first quarter, which ended Sept. 30, the first results it has reported since emerging from bankruptcy proceedings in September.

Tower Air's initial public offering will be priced at \$15.50 a share and total 3.75 million shares, according to the underwriters, Goldman, Sachs & Co., Lehman Brothers Inc. and Morgan Stanley & Co. (Reuters)

Platinum Supply Surplus Widens

LONDON — Platinum, a metal used mostly as a catalyst in lead-free vehicle engines, is coming onto the market faster than a recession-hit world can consume it, the refiner Johnson Matthey PLC said Tuesday.

It said in a published study that supply of the metal in 1993, buoyed by record production in South Africa that more than canceled the effect of a four-year low in Russian output, would rise 10 percent, to 4.21 million ounces, creating a surplus of 190,000 ounces. There was a surplus of 20,000 ounces in 1992.

The study said demand should also rise, by 6 percent, and that the price of the metal should not stray far in the near term from a current level of about \$378 an ounce, roughly \$3 higher than the price of gold.

WORLD STOCK MARKETS

Agree. France Press. Nov. 16

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Siemens to Make 5,100 Job Cuts at Its Computer Unit

Compiled by Our Staff From Dispatches
BONN — Siemens AG, Europe's largest electronics company, announced Tuesday that it would cut 5,100 jobs at its troubled computer unit, spurring analysts to express doubts about the future of the subsidiary.

The move came a day after IBM Deutschland said it expected to trim its payroll by 3,500 in 1994 about the same number as in 1993.

Opel Workers Back Trade-Off On Wage Rises

Compiled by Our Staff From Dispatches
BOCHUM, Germany — Employees at Adam Opel AG have agreed to give up one-third of a 1994 wage increase under an industry contract if it exceeds 3 percent, a spokesman for the company said Tuesday. But the accord has yet to be signed.

The spokesman, Bruno Seifert, confirmed a report in the daily Westdeutsche Allgemeine Zeitung that the General Motors Corp. subsidiary reached a deal with its workers' council on Monday as part of an effort to save as many jobs as possible at plants in Bochum, Rüsselsheim and Kaiserslautern.

Most German carmakers, including Opel, are required to accept nationwide wage accords reached between the IG Metall union and employers' representatives. A voluntary reduction in wages would relieve Opel's finances at a time when it faces big expenses for early retirement and short-time work.

(AP, Bloomberg)

French Overtures to Volvo Paris Seeks to Soothe Renault Critics

By Jacques Neher
International Herald Tribune
PARIS — The chances of Volvo AB shareholders approving the automaker's proposed merger with Renault SA of France appeared to improve Tuesday, after French officials said they would seek a quick privatization of the French carmaker.

The officials also hinted they would consider adding language to the accord to prevent France's "golden share" in Renault from being used against the Swedish automaker.

Meanwhile, Industry Minister Gerard Longuet of France met in Paris on Tuesday with Volvo's second-ranking executive, Soren Oxil, and Renault's chairman, Louis Schweitzer, to "clarify the questions" that have led to a revolt against the merger by Volvo shareholders and forced a vote on the transaction to be postponed until next month.

A ministry spokesman said after the meeting that there still was "absolutely no question" of renegotiating the agreement. But he said Volvo and Renault had agreed to discuss the parts of the accord that have upset the Volvo holders.

"This is their deal," the spokesman said. "If they determine that further clarifications are needed, then we will take a look at that time."

The major points fueling the stockholder rebellion have been the lack of an explicit timetable for the privatization of Renault and the French government's demand for a so-called golden share, a special voice in the company's affairs.

The government says the golden share would permit it to protect Renault-Volvo from a hostile takeover if Volvo AB wanted out of the joint holding company during the 25-year life of the agreement. Volvo's institutional shareholders, however, have argued that the golden share could be used to compel Volvo to reduce its share in the combined company from 35 percent to 20 percent or less.

In a radio interview Monday, Finance Minister Edmond Alphandery said Renault would be privatized "as soon as possible" in view of conditions in the car market and the financial market. Previously, the government had said the carmaker would be privatized in the second half of 1994.

Mr. Longuet, also in a radio interview, hinted that the government, if necessary, would add language to the agreement to calm Volvo shareholders' fears about the golden share.

"We are ready to take up our pen again and write all that, with legal precision," he said.

Swedish analysts said such a move could well make the difference between approval and rejection of the accord. "If the French put it in writing, it would definitely be enough to get the big institutional shareholders to vote yes," Gustaf von Essen, a stock-market analyst in Stockholm.

'If the French put it in writing, it would definitely be enough to get the big institutional shareholders to vote yes.'

Gustaf von Essen, a stock-market analyst in Stockholm.

SCA Cuts 1993 Profit Outlook

Compiled by Our Staff From Dispatches
STOCKHOLM — Svenska Cellulosa AB, the Swedish forest-products company, announced on Tuesday lower-than-expected profit for the first nine months of 1993 and reduced its forecast for the full year amid worries about an economic recovery in Europe.

Svenska Cellulosa said it posted a profit of 788 million kronor (\$96.1 million), compared with a loss of 5 million kronor registered at the same point a year ago. Analysts had widely forecast a profit figure in a range near 830 million kronor.

The company also lowered its forecast for the full year to 1.1 billion kronor from the range it previously forecast of 1.1 billion to 1.5 billion kronor.

"The business climate is still hard to assess, among other things, because of the economic recession in Germany," the company said.

"Most experts, however, forecast a recovery in Central Europe during 1994. But there's a great uncertainty about the timing."

The company said its profit had been buoyed by lower costs and the depreciation of the krona. Staff was cut by 3,000 jobs during the third quarter to 24,839 through layoffs and sales of subsidiaries.

It also said its results had been helped by improved sales in its hygiene-products unit. Its profit rose 28 percent, to 822 million kronor, after the company launched new products and intensified its marketing campaigns.

Operating profit in the first nine months in its packaging division rose 52 percent, to 526 million kronor, but the company cautioned that prices had continued to fall in the third quarter for its cardboard, pulp and fine paper units.

To better withstand the slump in the economy, Svenska Cellulosa has taken steps to liquidate assets and recapitalize through a rights issue.

(Reuters, AFX, Bloomberg)

Investor's Europe

Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	137.60	137.90	-0.22
Brussels	Stock Index	7,010.58	7,008.28	+0.03
Frankfurt	DAX	2,071.72	2,049.11	+1.10
Frankfurt	FAZ	788.37	N.A.	
Heilinki	HEX	1,542.94	1,516.10	+1.77
London	Financial Times 30	2,348.20	2,346.40	+0.08
London	FTSE 100	3,087.50	3,083.30	+0.14
Madrid	General Index	302.61	300.89	+0.57
Milan	MI8	1,187.00	1,203.00	-1.33
Paris	CAC 40	2,115.85	2,117.90	-0.10
Stockholm	Affarsvaerlden	1,842.97	1,667.63	+1.48
Vienna	Stock Index	455.86	454.82	+0.23
Zurich	SBS	630.82	631.32	-0.08

Sources: Reuters, AFP
 International Herald Tribune

Very briefly:

- General Motors Corp. and Volkswagen AG now have a deadline of Dec. 16 to try and reconcile their dispute in a Frankfurt court over the defection of GM executives to VW, allegedly with secret documents.
 - Euro Disney SCA's chairman, Philippe Bourguignon, said it was impossible to know when the theme park operator would show a profit; Euro Disney just reported a loss of 5.4 billion francs (\$920 million).
 - South African Breweries Ltd. has bought an 80 percent stake, valued at \$50 million, in Hungary's Kobanyal Sorgyar RT brewery; it also agreed to undertake a \$40 million refurbishing of the brewery over several years.
 - BOC Group PLC shares dropped 33 pence, or more than 5 percent, from £5.95 (\$8.87) to £6.28, despite its report of a 57 percent rise in pretax profit, to £337.6 billion billion, for the year to September; the company said its near-term prospects looked increasingly poor.
 - BAA PLC shares fell 21 pence, to £9.22 from £9.01, although profit edged up to £237 million from £218 million for the six months to September; the airport operator's dividend was below expectations.
 - Renault SA said it would launch a new midsize model, the Laguna, in January to replace its seven-year-old Renault 21.
 - The EC Commission said it would not start proceedings against Rover Group PLC after the British carmaker conceded it had broken EC antitrust rules between May 1986 and October 1990 by making arrangements with its dealers on discounts; Rover pledged to make amends.
- (Reuters, AFX, Bloomberg)

Civil Court Clears De Benedetti in Bank's Failure

Reuters
MILAN — A civil court in Milan cleared Carlo De Benedetti on Tuesday of wrongdoing in the collapse of Banco Ambrosiano a decade ago.

But the chairman of Olivetti SpA still faces a possible prison sentence in a separate criminal case arising from Italy's largest postwar banking failure.

The civil court rejected claims by Banco Ambrosiano's receivers for 30 billion lire (\$18 million) in damages against Mr. De Benedetti, who was briefly vice chairman of the bank before it failed in 1982.

The civil case ran parallel with criminal proceedings in which Mr. De Benedetti has been sentenced to six years and four months in prison for fraud. The industrialist, who also is fighting accusations of corruption in Italy's kickback scandals, is appealing that verdict.

The amount sought by the receivers was equal to the profit Mr. De Benedetti is believed to have made when he sold his Ambrosiano stake on leaving the bank in January 1982, seven months before it failed.

The receivers had launched an appeal after the civil court first ruled in favor of Mr. De Benedetti four years ago.

The criminal proceedings against Mr. De Benedetti also are the subject of an investigation by the Justice Ministry.

CHINA: Market Makes Comeback

Continued from Page 1
 zones," said the governor of Sichuan, Xiao Yang, an ardent reformer. "Those two areas were not so prominent in Sichuan. However, when the austerity policies were implemented, other sectors were influenced as well."

Outside this sprawling city's limits, in the rest of Sichuan, where 100 million people live in an area slightly bigger than France, the medicine administered to arrest coastal and urban-based problems has proven especially bitter, as it has elsewhere in China's interior.

A third of all state enterprises in Sichuan have shut down or sharply slowed operations. With infrastructure difficulties and with fewer joint-venture relationships with foreign partners than their coastal peers, they have been hit especially hard by a nationwide squeeze on credit that had become their lifeline.

And many peasants expect less income from this year's harvest because of a drought. As a result, an army of anxious country people is pouring into cities like Chengdu every day looking for work.

Others wait for connecting trains to carry them toward their own sliver of China's new prosperity, an assembly-line job in export-oriented Guangdong Province to the south, or a construction site in bustling Shanghai, 1,600 kilometers (1,000 miles) to the east.

But some, finding neither jobs or onward passage, have turned to crime, according to local residents who blame the "floaters" for a surge in robberies earlier this year.

To those in Beijing guarding against the kind of national anarchy that has haunted China, a crowded railroad station with a hungry mob of thousands is a cautionary vision.

In the long-term, the interior is likely to benefit greatly from the economic reforms begun by Mr. Zhu. His program, with its 16 points, sought to curtail government spending and redirect investment into areas vital to the country's development. It also aimed to reassert Beijing's control over the financial system and the wealthy coastal areas, which are increasingly unwilling to contribute to national development coffers.

Beijing slashed the credit available for speculative investment in property and stock markets to instead finance much-needed transport, energy and communication projects and to pay the peasants for their produce in cash rather than the IOUs that fueled discontent.

But the same policies that have taken the heat out of "stir-frying" in the local slang for speculative investments, threaten China with potentially destabilizing effects in the key areas where most of its population lives and works.

Faced with an unhappy choice between higher unemployment and sustained inflation, China is choosing the latter, a consequence of opting for high-speed growth as a remedy for its woes. It is a strategy that concerns many foreign analysts, who believe a strong conviction must eventually come again to an economy that has gone through three boom-and-bust periods in the last decade.

There are encouraging signs that China's economy has cooled. The government reports that inflation and money-supply growth have fallen marginally and that capital investment has dropped. But no one—from stock analysts in Hong Kong to bureaucrats in Beijing or officials in the heartland—seems to know whether this trend will continue.

China faces great challenges in the next seven years as it moves to further transform itself to a fully market-oriented economy in line with the major policy blueprint announced Sunday in Beijing.

The process of reforming China's state-owned industrial sector and increasing peasants' incomes will require patience, money and time, said Governor Xiao, senior Communist Party member who was involved in creating the policy blueprint and who earlier this year foreshadowed many of the nation's current problems.

Mr. Xiao said he believed it would take "two or three years' time" to complete the expensive but necessary surgery required by state-owned enterprises, a third of which lose money and are a fiscal burden on the country. "If you don't put money in, things won't change," he said.

Of attempts to improve life in the countryside, where China's first experiments with the free market in 1978 allowed peasants some autonomy over their production, Mr. Xiao is thinking of the long term.

"Agricultural reforms from 1980 to 1988 greatly raised the peasants' living standards," he said. "But now we have come to a stage where they compare themselves to progress in the coastal regions and are not so happy."

EC Warns U.S. on Using Asian Card

By Tom Buerkle
International Herald Tribune
BRUSSELS — European officials on Tuesday warned the United States against playing an Asian card in global trade negotiations, saying that any attempt by Washington to team up with Asian countries against Europe could doom the talks and propel the world into competing trading blocs.

One European Commission official dismissed as "irresponsible" comments by American officials blaming Europe for the stalemate in the trade negotiations, and suggesting that the United States can rely on closer ties within the Asia-Pacific Economic Cooperation forum if the talks collapse.

The United States "won't get an agreement" using that approach, said the official, who spoke on condition of anonymity.

A French official was even more blunt, saying it would be "blackmail" if U.S. officials were serious in their threat.

For the moment, however, European officials said Washington's Asian overtures appeared to be merely a tactic aimed at wringing concessions from the European Community in the trade talks.

The United States has been mobilized ahead of Wednesday's vote on the North American Free Trade Agreement in the House of Representatives, officials said. No one expected Washington to show its hand until Trade Representative Mickey Kantor hosts the Community's top trade official, Sir Leon Brittan, for talks in Washington Monday and Tuesday.

"They want us to play all our cards before they play their first one," the commission official said.

On a trip to South Korea and Japan in the past week, Sir Leon warned the two countries against turning APEC into a protective trading bloc. "An open APEC is preferable to an exclusive Pacific-Asia arrangement, or a linkage between NAFTA as a hub and Pacific-Asia as spokes," Agence France-Press quoted Sir Leon as saying.

Sir Leon asked Prime Minister Morihiro Hosokawa of Japan and President Kim Young Sam of Korea for a "continuing dialogue" between the Community and APEC, and commission officials said the response had been encouraging. European anxieties about APEC are being kept in check now by the sheer difficulties of turning that diverse body into an effective trading bloc, said Vincent Cable of the Royal Institute for International Affairs in London.

APEC already is having trouble reconciling differences between the mercantilist approach of the Association of South East Asian Nations, who are suspicious of an American attempt to dominate the group, and the more free-market approach of the United States, Australia and Canada, Mr. Cable said.

The group also does not have a unified approach for dealing with China's huge economic potential or for deciding whether to link trade to Beijing's stance on human rights.

"It is simply an illusion," one EC trade specialist said of the talk of an APEC trading bloc. "The ASEANs don't want it, the Japanese don't want it."

The French official said Paris was hoping that a NAFTA victory would give the U.S. administration the political leeway to make compromises needed to wrap up a new General Agreement on Tariffs and Trade by the Dec. 15 deadline. He said President Bill Clinton would need to be flexible to pull off a diplomatic triple play: winning passage of the NAFTA, concluding the GATT talks and charting a new role for the North Atlantic Treaty Organization at a January summit.

GATT: U.S. Shows the Asia Card

Continued from Page 1
 believed they were the only ones standing in the way of a successful GATT deal. Passage of the North American trade pact and a successful Asia-Pacific meeting, the official said, would put more pressure on Paris.

Many economists say that a GATT agreement, which sets trade rules and limits tariffs on commerce among 116 nations, would stimulate the global economy much more than the North American Free Trade Agreement, which applies to the United States, Mexico and Canada.

The prospect of a deal among the nations in APEC, which includes some of the world's fastest growing economies, such as Japan, China, Indonesia, Taiwan and Singapore, is a threat to European businesses that count on continued access to the U.S. market, the world's largest.

ENI Unit Told It Must Speed Restructuring

Bloomberg Business News
MILAN — The state-controlled energy concern, Ente Nazionale Idrocarburi will inject new funds into its Enichem unit if the unprofitable chemical subsidiary speeds its restructuring, Enichem President Marcello Colitti said Tuesday.

Mr. Colitti said at the shareholders' meeting that ENI was prepared to inject 3 trillion lire (\$1.8 billion) into Enichem.

Tuesday's meeting had been called to consider a write-down of Enichem's capital because of its losses, but a decision was delayed because of legal considerations.

To comply with EC rules about receiving state financial aid, Mr. Colitti said, Enichem must speed its restructuring program.

Union Says Renault Plans 1,400 Job Cuts

Agence France-Press
LYON — A restructuring plan calling for cutting more than 1,400 jobs next year is to be presented to a special shop committee meeting at Renault Industrial Vehicles on Nov. 26, a union source said on Tuesday.

He said the new "plan for upgrading competitiveness" calls for doing away with 1,423 jobs at the truck and bus unit next year. Renault confirmed the meeting, but it would not comment on the job cuts.

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*Note: Sample one-way business class fares excluding all taxes. Prices and statistics correct at time of print. *Source: World Airline - 1993.



Honda and Matsushita Are Yen's Latest Victims

Compiled by Our Staff From Dispatches

TOKYO — Honda Motor Co. said Tuesday that a strong yen and slumping sales worldwide led to a 63 percent drop in first-half group net profit and that it planned to cut 3,000 jobs by March 1994.

The automaker said profit plunged to 9.3 billion yen (\$86.1 million) from 25.0 billion yen in the same period a year ago.

At the same time, the company cuts its profit estimate for the year that ends next March to 17.3 billion yen from an earlier prediction of 23.0 billion yen. In the year to March 1993, Honda had a profit of 38.3 billion yen.

Sales in the first half of the year dropped to 1.9 trillion yen, down from 2.1 trillion yen a year ago. The company cut its forecast for full-year revenue to 3.8 trillion yen from 4.0 trillion yen. Last year, revenue was 4.1 trillion yen.

Vice President Yoshihide Munezumi said the 3,000 job cuts, out of

a total work force of 43,000, would come through attrition. The move is designed to offset what appears to be a slow economic recovery.

At the parent-company level, Honda reported a 62 percent drop in current profit, to 11.1 billion yen from 29.2 billion yen, and it lowered its full-year profit estimate to 21.1 billion yen from 30.8 billion yen.

Honda said weak car sales in Japan, North America and Europe had combined with the strong yen to hurt overall sales. A rising yen hurts Japanese carmakers' earnings by reducing the yen value of their overseas.

Motorcycle sales volume benefited from growing demand in North America and Asia, but revenue slipped 2.5 percent.

Mr. Munezumi held out little hope for a major recovery soon, saying only that he believed domestic demand would remain steady for the next several years.

While retail sales in Japan fell

11.5 percent during the first half, compared with a year earlier, Honda estimated domestic sales of about 6.5 million cars for the year, the same level as in 1987 and 1988.

Mr. Munezumi said business would improve in during the third quarter in the United States. Analysts, however, said this would depend on sales of its Accord car, which was redesigned in September.

The Honda vice president said the new Accord was selling well in the United States and that Honda would boost production of the model in the U.S. market by 5,000 units by the end of this financial year.

But Keith Donaldson, an automobile industry analyst at Salomon Brothers Asia, said: "Accord sales in Japan and Accord sales in the States have been disappointing. If the Accord isn't strong as people expected, I think Honda's going to have some pretty serious problems." (Bloomberg, Reuters)

Siemens Captures Subway Contract In Guangzhou

BEIJING — A Siemens AG-led group and the Airbus consortium won key contracts from China on Tuesday in signings designed to mark the visit of Chancellor Helmut Kohl, officials said.

A German consortium led by Siemens AG won a much-sought-after 700 million Deutsche mark (\$415.4 million) deal to build an underground rail system in Guangzhou, while China agreed to buy six Airbus aircraft for the equivalent of \$473 million.

The subway contract was one of 18 economic agreements signed to mark Mr. Kohl's visit on a trip aimed at promoting closer economic cooperation. He began his six-day visit Monday, heading a large group of German executives.

The Siemens group, which also includes AEG, the electronics unit of Daimler-Benz AG, had worked out a deal under which the German government agreed to pay half of the costs with loans on favorable terms, German officials said.

The Guangzhou subway contract has been one of the most hotly contested infrastructure deals in China's booming south. Other bidders for all or part of the project have included the British-French engineering group GEC-Alsthom, Westinghouse Electric Corp. of the United States and Japan's Mitsubishi.

Diplomats said British and French hopes of taking part in the project were probably derailed by political troubles, including the Chinese-British dispute over Hong Kong and France's decision last year to sell advanced Mirage fighter planes to Taiwan.

China also agreed to buy six Airbus A-340s from the European consortium Airbus Industrie, German officials said. Airbus Industrie is made up of the Deutsche Airbus unit of Daimler-Benz, Aerospaciale of France, British Aerospace PLC, and Construcciones Aeronauticas SA of Spain.

China Eastern Airlines, one of Beijing's main state-owned carriers, announced plans in July to buy five Airbus A-340s between now and 1997. Airbus's attempt to get a larger piece of the market have been hampered by the political disagreements with Paris and London. Last year, company executives said an overall plan to sell China \$1.5 billion worth of Airbus aircraft had run into "political problems."

Tokyo Posts Surplus for 34th Month

Compiled by Our Staff From Dispatches

TOKYO — Japan's trade surplus widened again in October, but as the Finance Ministry announced the 34th consecutive monthly gain on Tuesday, economists said they expected the string to end soon.

The October customs-cleared trade surplus stood at \$11.01 billion, compared with \$10.83 billion a year earlier, the Finance Ministry said. The surplus with the United States grew to \$5.21 billion from \$4.94 billion.

But economists, repeating their forecasts of a month ago, said the high yen was putting a damper on Japan's exports and that this should start affecting the surplus soon.

Soichi Enkyo, an economist at Bank of Tokyo, said: "Export growth will decline while import growth accelerates. This will show in the next financial year." Japan's financial year begins April 1.

He said Japanese exporters could no longer produce at low enough prices to be competitive in many parts of the world and added, "This trend will increase."

Exports in October rose 1.2 percent from a year earlier, to \$31.4 billion, while imports edged up 0.9 percent, to \$20.4 billion.

Growth in imports has been sluggish because of the slump in the Japanese economy. Akio Ishida, economist at Yasuda Trust & Banking, said. (Reuters, AP, FX)

Investor's Asia

Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong Hang Seng	10000	9,683.65	9,733.34	-0.51
Singapore Straits Times	2000	2,078.01	2,085.55	-0.34
Sydney All Ordinaries	2000	2,083.80	2,082.90	+0.04
Tokyo Nikkei 225	2000	18,246.12	18,074.61	+0.95
Kuala Lumpur Composite	1000	951.30	961.37	-1.05
Bangkok SET	1000	1,366.77	1,367.31	-0.04
Seoul Composite Stock	1000	802.65	810.72	-1.00
Taipei Weighted Price	1000	4,301.25	4,329.05	-0.64
Manila Composite	1000	2,407.01	2,384.89	+0.93
Jakarta Stock Index	1000	N.A.	516.81	-
New Zealand NZSE-40	1000	1,978.81	1,998.71	-1.00
Bombay National Index	1000	1,373.10	1,398.80	-2.49

Sources: Reuters, AFP
International Herald Tribune

Electrical Giant's Profit Fell 10% in Half

Compiled by Our Staff From Dispatches

TOKYO — Matsushita Electric Industrial Co. said Tuesday that pretax profit fell 10 percent in the six months to September as sales slumped and the high yen hurt its bottom line.

Profit dropped to 58.1 billion yen (\$549 million) in the period from 64.8 billion yen a year ago. The company left its full-year forecast unchanged, however, at 150.0 billion yen, compared with a profit of 168.4 billion yen last year.

Sales in the first half slipped to

3.2 trillion yen from 3.5 trillion yen. Matsushita's sales forecast for the year remained the same at 6.6 trillion yen, down slightly from 7.0 trillion yen.

Domestic sales in the period declined 7 percent, to 1.6 trillion yen, while sales abroad fell 10 percent, also to 1.6 trillion yen.

The company said the business environment would remain difficult, "with a worsening domestic economy and prolonged slowness in Europe and the United States" hampering performance.

Sales of visual equipment in the six months fell 13 percent, to 638.4 billion yen, while those of audio equipment fell 9 percent, to 260.7 billion yen. Sales of home appliances, including washing machines and refrigerators, slipped to 419.7 billion yen, down 15 percent.

Information and industrial equipment sales were down 7 percent, to 781.3 billion yen, while those of electronic parts fell 4 percent, to 409.0 billion yen.

(AFP, Reuters)

ANZ Bank Shows Signs of Recovery

Bloomberg Business News

SYDNEY — Australia & New Zealand Banking Group Ltd., the first major Australian banking concern to post results for the current Sept. 30, reported a profit Tuesday that indicated the banking industry was on the mend.

ANZ Bank said it had profit of 246.5 million Australian dollars (\$151.6 million), after a year earlier loss of 579 million dollars.

The swing to profit came on a sharp reduction in bad and doubtful debts, a turnaround in its business banking operations and continued growth in its retail and international arms.

"This result is a pleasing turnaround after the difficulties of recent years," Chairman John Gough said. "It represents a significant step in the bank's return to acceptable profitability."

The bank had suffered in recent

years from the collapse of the commercial-property boom of the 1980s and that decade's debt-financed corporate diversification spree.

Mr. Gough said the bank, which has assets of about 100 billion dollars, was set to achieve further profit growth in the current year.

Tony Davidson, a bank analyst at SBC Dominguez Barry, said that although Mr. Gough's forecast may be justified, the growth was not likely to come from new assets, considering the sluggish economy and competitive conditions in banking, but from further cost-cutting, declines in nonperforming loans, increased mortgage lending and wider net interest margins, or the difference between average interest rates paid on deposits and the rates charged on loans.

The improvement in the bank's net interest margin to 3.01 percentage points in the latest year from 2.92 points a year earlier "shows they are definitely cleaning things up," Mr. Davidson said.

ANZ Bank is one of Australia's top three private commercial banks. The other two, National Australia Bank and Westpac, are due to report annual results Thursday, and both are expected to be improved.

Brierley Drops Incentive Plan

Bloomberg Business News

WELLINGTON — The chairman of Brierley Investments Ltd., Bob Matthew, withdrew the company's controversial incentive-share-option plan for executives before it reached a vote at the annual shareholders meeting Tuesday.

The plan would have given 30 managers the right to buy stock at a discount price if the company met certain growth standards. Mr. Matthew said the company had "substantially underestimated the extent of the ill-informed and misleading debate" the proposal sparked.

The plan would have given selected managers options to buy 35 million shares at 1.22 dollars (66 U.S. cents) each over the next four years if the gross return on the shares was more than 15 percent a year.

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.	Sumitomo Electric	Fed Department Stores	United States	Germany	Japan	Nippon Express	Seiko
1st Half	1992	1992	1992	1992	1992	1992	1992
Revenue	25,092	2,710	2,465	1,244	2,431	4,625	1,337
Net Inc.	5,696	8,590	4,225	1,116	2,077	1,032	450
1st Half	1991	1991	1991	1991	1991	1991	1991
Revenue	25,092	2,710	2,465	1,244	2,431	4,625	1,337
Net Inc.	5,696	8,590	4,225	1,116	2,077	1,032	450

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November 17, 1993, London
By: Citibank, N.A. (Issuer Services), London Branch, Agent Bank

National Westminster Bank

U.S. \$500,000 Junior FRNs

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November 17, 1993, London
By: Citibank, N.A. (Issuer Services), London Branch, Agent Bank

Very briefly:

- Sanyo Securities Co. will cut its work force by 400, from the current 3,400, by the end of March; a spokesman said the company would make the cuts through attrition and did not plan steps such as encouraging early retirements.
- Apple Computer Japan's president, Shigeschika Takeuchi, resigned; the subsidiary of the American personal-computer company said the executive thought "it was time for a new challenge."
- Long-Term Credit Bank of Japan said it was determined to actively write off bad loans to improve its asset quality but said it had not decided how much it would liquidate in the current financial year ending March 31. A spokesman refused to confirm a report that the bank planned to write off 200 billion yen (\$1.89 billion) in bad loans in 1993-94.
- Degussa AG, a German chemical and metal manufacturer, said it formed a joint venture in China, Qingdao Degussa Chemical Co., that will be owned 40 percent by Degussa, 45 percent by Zhenya Carbon Black Co. and 15 percent by a German investment company.
- ABB Asea Brown Boveri Ltd., the Swiss-Swedish contractor, said it made a joint-venture agreement with Beijing Rectifier Plant to form an electrical-engineering company called ABB Beijing Drive Systems Ltd.; financial details were not disclosed.
- Benguet Corp., the Philippines' largest gold producer, said it had reached an agreement with nearly all its creditor banks to restructure 4.3 billion pesos (\$150.9 million) of debt. (Reuters, AP, AFP)

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French Technology

Redesigned Rocket Fires Up Eurospace Program

By Michael Balter

PARIS — In Greek mythology, Ariadne, or Ariane in French, was the daughter of King Minos of Crete. She fell in love with Theseus and gave him the thread with which he escaped from the labyrinth after slaying the monstrous Minotaur. But back in 1973, when European space ministers meeting in Brussels gave the go-ahead to develop the space rocket named after this Cretan princess, they could hardly have anticipated all the future twists and turns in the international competition to launch commercial satellites.

Six years later, Ariane 1 lifted off on its maiden flight, and today, Ariane 4, with its 94 percent success record, has captured up to three-quarters of the worldwide commercial launch market. But with the threat of increased competition not only from the United States but also Russia, China, and Japan, the multinational European Space Agency (ESA) is working feverishly to stay ahead of the field. Its answer to the contenders is a redesigned and much more powerful launcher, Ariane 5, which is scheduled to make its first demonstration flight in October 1995.

As has been the case from the beginning

of the Ariane project, France is leading the effort. Although 12 European countries are involved, the French are providing 45 percent of the financing, and the ESA, whose headquarters are located in Paris, has delegated management responsibility to the French space agency, the Centre National d'Etudes Spatiales (CNES). Moreover, the French industrial group Astromatiale is in overall charge of the more than 70 contractors involved in constructing the launcher's components, which include the powerful new engines that will allow Ariane 5 to lift a payload of almost 7 metric tons into the stationary earth orbit required by most telecommunications satellites.

This represents an increase in performance of 50 percent over Ariane 4. According to Jacques Durand, the ESA's project manager for Ariane 5, this enhanced performance is essential if the launcher is to maintain its competitive edge, much of which has been based on its ability to put two satellites into orbit at once.

"We are the only ones to do this on a regular basis," said Mr. Durand. "It makes it much cheaper for the customer, because you get two satellites for the cost of one launcher." Yet, as telecommunications satellites have gotten bigger and heavier in recent years, Ariane 4 has found itself

increasingly limited to carrying only one satellite per mission.

To solve this problem, an entirely new launcher is being built. Ariane 5's centerpiece is a massive new cryogenic engine, the Vulcain, powered by liquid hydrogen and liquid oxygen fed from a fuel tank 30.5 meters (100 feet) high and 5.4 meters in diameter. This marks a major departure from the design of Ariane 4, which used conventional propellants for its first two stages and a smaller cryogenic engine for its third, or payload, stage. Moreover, Ariane 5's cryogenic engine will be flanked by two solid propellant boosters each weighing 240 tons, about 10 times heavier than the largest solid fuel rocket motors previously built in Europe.

Yet, Ariane's developers are keenly aware that all this firepower will go for nothing if the launcher's enviable success record is compromised. Thus, Ariane 5 has been engineered to achieve an even greater reliability of 98.5 percent, but at a launch cost of only 90 percent of Ariane 4's price tag. "The competition between European launchers and those of other countries will be very intense by the end of the century," said Mr. Durand. "This reliability and lower cost will be our best selling points."

Indeed, the world market for commercial launchers has changed considerably

since November 1987, when European space ministers met in The Hague and gave final approval for the Ariane 5 project. The explosion of the American space shuttle Challenger had taken place almost two years before, and the Reagan administration subsequently banned the launching of commercial satellites on space shuttles. The Europeans were left with the field almost completely to themselves. Moreover, Ariane 5 was originally designed not only to launch satellites but also to carry the planned European space shuttle. Hermes, as well as the European components, known collectively as Columbus, of the American-led international space station.

YET, more recently, budget crunches on both sides of the Atlantic have forced cutbacks in the European and American space programs, and a recently signed space cooperation agreement between the United States and the Russian Federation was accompanied by a redesign and scaling down of the space station project. As a result, the Hermes program is being reoriented and postponed, and the future of Columbus is murky.

All this means that for now, at least, Ariane 5 will have to rely on the satellite

launching business as its primary means of support, at a time when a number of competitors are entering, or re-entering, the field. The Russians, whose powerful rockets can launch satellites cheaply and reliably, pose a considerable threat, although so far they have been kept in check by their cooperative agreements with the United States. And the American effort has been plagued by problems, most notably the failed launches of several Atlas rockets built by General Dynamics. Even the Chinese, whom many observers of the space scene regard as a possible dark horse, are still living down last year's mysterious launch failure.

This leaves Ariane 5, which, according to Mr. Durand, is proceeding on schedule toward its October 1995 launch date, out in front — at least for now. And European space officials can perhaps take heart from the denouement of the myth of Ariane. After killing the Minotaur, Theseus took the princess with him as he sailed for Athens, but abandoned her on an island along the way. There, Ariane was wooed and wed by Dionysus, the god of wine. A happy ending, with a French touch.

MICHAEL BALTER is a journalist based in Paris who writes on technology.

Company Breeds Innovation by 'Cross-Fertilizing' Resources

By Jacques Neher

PARIS — In the advertising campaign for its ongoing privatization, Rhône-Poulenc SA has vaulted itself as an innovator, a company ever striving to bring to market chemical, agricultural and pharmaceutical products and processes that can improve the lot of mankind — and its future profits.

Although most companies give ample lip service to innovation, Jean-René Fourou, chairman of the French chemicals giant, has made creation of new products and processes a strategic objective. But translating this into an effective corporate technology management program has not been easy, say officials, as it has required a change in mentalities and corporate culture.

Rhône-Poulenc has had to find ways to effectively tap its internal technological, scientific and marketing resources —

9,000 people spread out both by geography and discipline as a result of a series of international acquisitions. At the same time, recognizing the value of know-how existing outside the company, it has sought to build a range of technological alliances with universities, public research labs and even its industrial customers.

"To be optimistic, I'd say we are in the middle of the river, but I'm entirely convinced this is the best strategy," said Philippe Desmarescaux, the company's scientific director, who has worked since the late 1980s to corral Rhône-Poulenc's technological resources and transform them into new business.

The objective of the technology management strategy is to ferret out ideas that can lead to marketable products, and then get those products on the market in the shortest time possible.

"We have no shortage of ideas, in fact,

we have too many ideas," Mr. Desmarescaux said. "The problem is to sell them."

Unlike most industrial groups, Rhône-Poulenc has attempted to funnel its ideas for new products and processes from a decentralized structure that includes research and development operations in five operating divisions — organic and inor-

'It's not a top-down push, but rather an all-together push.'

ganic chemicals, pharmaceuticals, agricultural chemicals, specialty chemicals and fibers and polymers — with 13 labs spread out in the United States, Canada, France, Germany, Britain, Japan and Brazil.

"We're trying to manage a common vision for our five sectors, so we know where

we want to go and then can go at a fast speed," Mr. Desmarescaux said. "It's not a top-down push, but rather an all-together push." This represents a radical departure from the early '80s, when R&D was centralized and it tried to impose its discoveries on the business units, often failing.

To boost "cross-fertilization," meetings and informal communications are encouraged among different company labs so that researchers of different scientific and product specialties can ponder how their know-how might be applied in an entirely different product area. Likewise, various labs have established tight cooperation with local universities or public research facilities.

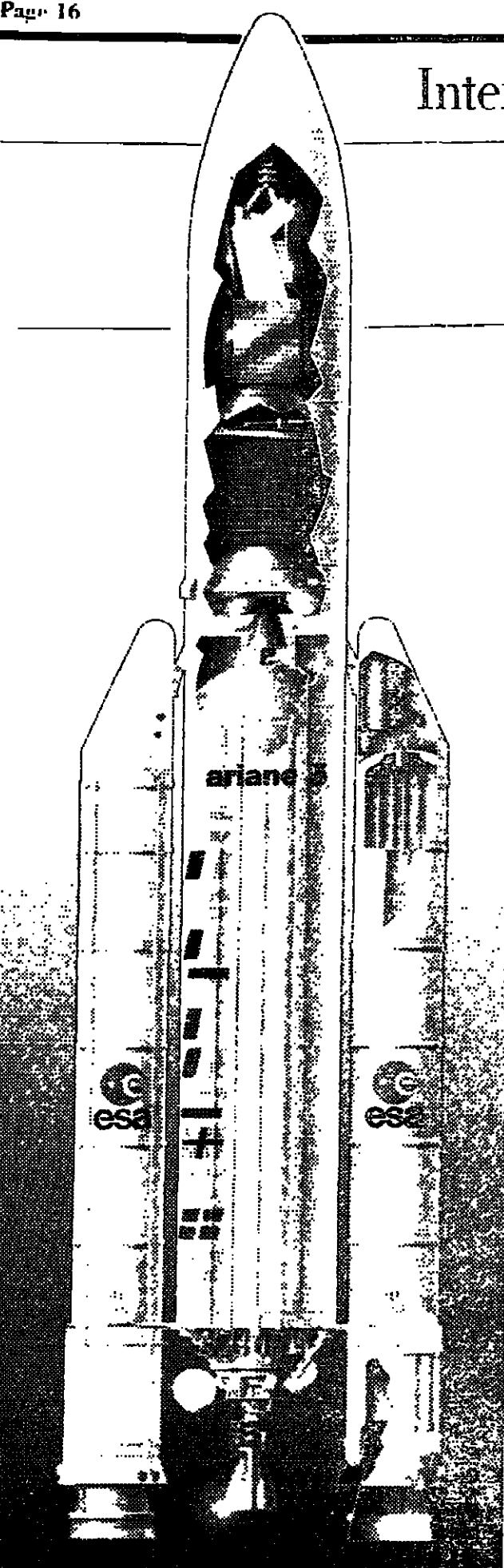
Last year, the company launched a 1.6-billion-franc (\$271 million) "Bio-Future" program, jointly funded by the French government. The program brings Rhône-Poulenc scientists together with counterparts at the major French basic research institutes and universities to study prom-

ising biotechnologies and bring them to market. After 18 months, the program has resulted in the registration of 25 patents.

To illustrate the potential for cross-fertilization, the company recently brought its internal and external resources together to study the chemical realities associated with adhesion of emulsions, an understanding necessary, for example, for getting a drug molecule to adhere to the cells of the stomach, or for making an agricultural chemical stick to plant leaves.

Francis Bidault, professor of strategy and technology management at the International Institute for Management Development, said Rhône-Poulenc's approach is rare in industry, and he suggested that it may have been required because of the company's late-'80s shopping spree, in which it acquired assets such as Rorer Corp., the U.S. drug company, and

Continued on page 18

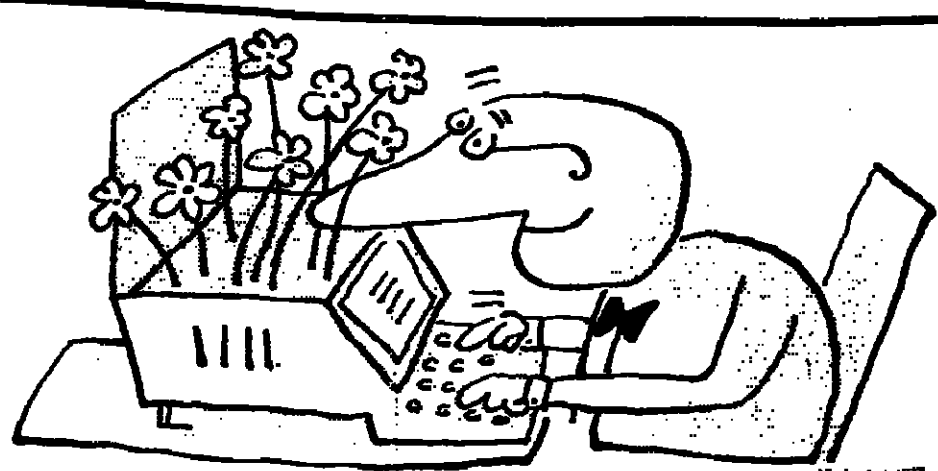


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French Technology / A Special Report



Computer Aids for 'Noses'

By Jacques Neher

GRASSE — Daniel Maurel, a perfumer at Robertet SA, sits behind a large desk anchored on one side by hundreds of little vials, each bearing an extract of a different floral, herbal or musky essence. On the other side is a hefty computer, into which he composes a recipe for a new fragrance. The screen displays some 40 lines of ingredients in this latest recipe, along with the unit cost of each ingredient, the amount required, total cost of the ingredient and a running subtotal of the final recipe cost.

"I need a jasmine," he says, typing in a code that triggers a list of several different jasmine scents, both natural and synthetic, that can be ordered from the lab down the hall. He selects one, types in the amount he believes required for his creation, and it instantly becomes part of the formula, which now displays a new production cost.

"We use computers not to create perfumes but to save time," Mr. Maurel said. "We can now have a new formula in less than 10 minutes, compared to more than an hour before, but it's still our job to smell the blend and decide if it's right. The computer can never do that."

Indeed, while the nose still reigns supreme in Grasse, the perfume capital of the world just north of Cannes, it's getting a lot of help these days from an array of advanced equipment and technologies. Many of the 35 companies active in the region's perfume industry have invested heavily to adapt a centuries-old art to the cost, efficiency and quality constraints of modern-day industry.

"While most of the methods of extracting essences from natural materials are relatively the same as they were centuries ago, there have been changes designed to lower costs in what is a very labor-intensive industry," said Charles Letemplier, scientific adviser at Prodamor, a trade association of Grasse perfume and flavor companies. The computer, he said, has found its greatest use in reducing or eliminating repetitive procedures for perfumers, freeing them up to concentrate their energies on the creative process.

"The perfumer uses the computer like a composer of music," Mr. Letemplier said. "After the composer writes the melody line, the machine suggests different accompaniments, which the composer can use or not, reducing a lot of repetitive work. It is still the perfumer and his nose which create."

The mix of tradition and advanced technology can be seen in other phases of perfume creation. For example, many of the distillation, solvent and filtration systems used to extract the fragrance-bearing substances from several hundred different flowers, herbs, roots, nuts, etc., use methods identical to those developed more than 100 years ago, but they are now married with highly accurate electronic controls designed to make batches reproducible while removing impurities to minute levels. In addition, quality-control laboratories at the major perfume companies are equipped with the latest substance analysis equipment such as gas/liquid chromatography to verify the chemical composition of the samples produced at the site as well as from extracts bought from outside suppliers.

One Grasse company, Cal Pfizer, a subsidiary of the American pharmaceutical company Pfizer, has developed a new way for extracting essences from natural materials that uses carbonic gas instead of solvents. The advantage, Mr. Letemplier said, is that the carbonic gas process leaves no residue in the resulting extract, unlike solvents, which, despite sophisticated filtration techniques, still leave trace amounts. In addition, the process is nontoxic.

The perfume industry used to rely heavily on benzene as an extraction solvent, but with mounting evidence over the past decade that benzene can cause cancer, the perfume-makers have moved to replace it with other solvents.

DESPITE their expensive sophisticated equipment, the Grasse perfume-makers are often providers of their noses. At Givaudan Roure, a principal supplier of perfumes to the big French designer houses, three "noses" work in the analysis lab, spending their days sniffing samples on thin cardboard strips. The three often work together in "triangular tests," in which samples are passed around for blind "sniffings."

"The olfactory memory is the worst of all our sense memories," explained Marc Stagliano, a production official at Givaudan Roure. "You need to make controls."

Perfume production in Grasse, a city of under 50,000 people, accounts for half of the entire output in the French industry, according to Mr. Letemplier. Sales of Grasse's scents and flavors, mostly to other companies that utilize them in their own products or market them as fashion-house perfumes, come to around 3 billion francs (\$536 million), with two-thirds of that in perfume products and the remainder in flavors.

Satellite Makers Search Skies for Alliances

By Jane Sasseen

PARIS — French satellite manufacturers, by far the biggest players in Europe's space industry, face a growing struggle to survive in increasingly competitive world markets for telecommunications satellites.

Despite undisputed technological strengths, analysts say leading satellite makers such as Matra and Aerospatiale have experienced little success expanding beyond Europe's government-dominated markets to penetrate fast-growing new commercial markets.

"Telecommunications account for 8 of 10 satellites launched," said Marc Giget, head of Euroconsult. "Telecommunications is the core market of the future, yet it is precisely in the burgeoning competitive sector that France remains weak."

Sophisticated new digital technology is expected to fuel rapid expansion in satellite television, mobile phone services and private business networks, while deregulation in Europe, Asia, and other developing markets is creating new buyers.

"The combination of new multimedia broadcasting systems and a new generation of mobile telecom-

munications with deregulation is revolutionizing the industry," said Claude Goumy, president of Matra Marconi Space, the British-French joint venture controlled by Paris-based Matra-Hachette. "We expect a spectacular rise in demand by decade's end."

The difficulty for Europe is economic, executives say. "Our problem isn't technology; our problem is high prices; we simply don't have the volume needed to produce efficiently," said Michel Andrau, technical director of Aerospatiale's satellite division.

Unlike American manufacturers, who gain economies of scale by producing upward of 30 models of each new satellite generation, European manufacturers rarely produce more than a dozen.

"The European market is too fragmented, with too many players chasing too small a market," said Mr. Andrau. "There isn't room for everyone building satellites in Europe today."

To ensure survival, French satellite manufacturers are scrambling to improve performance on both fronts. Already, sharpened competition has spawned international alliances, beginning with the 1990 merger of the space divisions of Matra and Britain's GEC Marconi.

Aerospatiale then joined forces with Alcatel Espace, Europe's leading supplier of the electronic payloads that form the core of telecommunications satellites, Italy's Alenia, Germany's DASA, and American Space Systems/Loral in a loose alliance, but further consolidation appears likely.

In September, Matra Marconi announced renewed negotiations to buy British Aerospace's space division, while Aerospatiale President Louis Gallois has called repeatedly for stronger links with its partners.

But French manufacturers are also counting heavily on developing an array of sophisticated technologies to make up for structural weaknesses.

"Technological innovation will allow us to stay in the race," said Mr. Goumy of Matra. "The only way to compensate for our size disadvantage is to create better technology that people will pay for."

Executives say the key lies in a

host of new technologies aimed at improving performance by putting more "intelligent functions" directly on-board satellites.

"The driving force behind all developments in satellite technology today is the same: allowing us to offer more and more services on our satellites at a lower cost," said Jean-Claude Husson, director-general of Alcatel Espace.

The biggest change stems from miniaturization brought about by the digital revolution. Much like the shrinking of components in consumer electronics that allow Sony or Philips to build ever smaller, ever more powerful video cameras, satellite manufacturers are using digital technology to shrink electronics components inside satellites.

The result, said Mr. Husson, is an enormous reduction in satellite mass, bringing big improvements in price and performance. "The same satellite that five years ago weighed one ton now weighs 300 kilos," he said. "The benefits flow directly to customers; we can now significantly increase the telecommunications traffic or the number of television channels that a satellite can carry."

But increasing volume is not the only goal. Manufacturers are also taking advantage of miniaturization to pack increasingly sophis-

ticated functions onto satellites. At Aerospatiale, for example, Mr. Andrau said much work is going into developing a system of "active thermal control" that will allow on-board computers to automatically regulate satellite temperature.

Similar efforts at Alcatel to develop an "active antenna" will make it easier for ground controllers to move a satellite's antenna in reaction to customers' changing needs. If a broadcaster primarily beams programming toward France, but suddenly needs Spanish coverage, Mr. Husson said, controllers will be able to readily change the signals' direction.

By the late 1990s, Mr. Goumy also expects big gains from laser optic technology allowing satellites to communicate directly with each other, cutting out the time — and costs — of passing global communications through relay stations on earth. The technology should help France retain its lead in the small but growing market for satellite images, the one sector where technological strength has created its undisputed leadership over American rivals.

JANE SASSEEN is the EC editor for International Management magazine.

The European market is too fragmented...

Agronomic Research Unit Comes Down to Earth

By Barry James

PARIS — From being a net importer of food a generation ago, France has become the world's second largest exporter of agricultural products — thanks to European Community subsidies, but thanks also to its technology.

Since World War II, the leading role in agricultural science has been played by the National Institute for Agronomic Research, a sprawling organization with about 8,600 staff members, including 3,700 scientists, in 22 centers around the nation.

INRA, as the organization is known, was set up in 1946 to help ensure food supplies in a country just starting to recover from the ravages of World War II.

Since then, it has expanded the scope of its operations into many fields, including animal husbandry, the rural economy, forestry, fresh-water fisheries, genetics and nutrition. Now, the organization faces a new challenge of helping the farming community adapt to an age of more meager subsidies and greater international competition.

Many experts say that France will increasingly have to sell its products on quality rather than on quantity and price, and INRA will have a key role in setting the new

priorities. This will entail a process of change and adaptation for the organization, which critics say has become hierarchical and too theoretical.

"The farmers, in their present crisis, do not know where to turn, and do not see how INRA can be of any use to them," said Michel Sebillotte of the National Institute for Agronomy.

In a detailed report commissioned by INRA, "The Prospects for Agriculture and the Future of INRA," Mr. Sebillotte said the organization will have to come down from its ivory tower and provide practical answers to the needs of farmers, the food industry and consumers.

To help Mr. Sebillotte prepare his report, each of INRA's 24 departments was asked to describe how it saw agriculture evolving between now and the year 2000. The answers provided clues both to the direction of agriculture and of INRA's part in it.

The department of agronomy said it regards its role as finding ways to maintain a tissue of farms throughout the country. Farmers' unions warn that large areas risk becoming depopulated as a result of export restrictions that may be imposed on France under the Uruguay Round of the General Agreement on Tariffs and Trade.

The department of genetics and plant improvement said it will seek to make avail-

able new varieties requiring fewer inputs of fertilizers, herbicides, pesticides and fungicides to help farmers remain profitable on lower levels of investment, while at the same time reducing pollution of waterways. The department also is looking into the development of alternative crops and applications that would help compensate markets lost in a GATT agreement, such as plants that can be turned into starch and biofuels.

The department of nutrition sees its role as contributing to higher quality food products. For example, it has helped develop a non-saturated oil from sunflower seed to replace imported palm oil, and is developing tests to detect minute residues of pesticides in plants or potentially harmful products, such as hormones, used in raising animals. It is also looking at the possibility of identifying and cloning certain plant molecules to prevent or cure human diseases.

As a result of Mr. Sebillotte's report and

other studies, INRA has set itself a series of goals in a program called INRA 2000, designed to shape its strategies between now and the end of the century.

The program puts environment and the management of rural areas at the top of the agenda. It calls for better research into the practical needs of farmers and consumers. It recognizes that France faces two major and in some ways contradictory problems: the intensification of farming with the environmental dangers this poses; and the desertification of parts of the country caused by an increasing exodus of farmers from the land.

In the first case, this requires developing production methods that require lower inputs of water and chemicals. In the second, it requires not only a vision of what should be done with surplus land, but also the development of livestock breeds adapted to specific areas.

At the same time, INRA is continuing basic research in all the fields where it has traditionally excelled: plant selection and genetic engineering, animal selection and breeding, food processing, such as the improvement of wines and cheeses, and many other areas.

Barry James is on the staff of the International Herald Tribune.

Biotech Bubbly — A Headache for Pests

Genetically Engineered Rootstock Is Resistant to a Virus

By Michael Balter

PARIS — Purists, brace yourselves: Bubbly may be going biotech. Ever since the Benedictine monk Dom Perignon developed the *methode champenoise* for producing sparkling wine in the late 17th century, no wedding, birthday, or anniversary party has been complete without the resounding pop of champagne corks.

But while champagne is usually associated with gaiety and the good life, down in the vineyards there are a myriad pests just waiting to spoil the fun.

The most notorious is the phylloxera louse, which destroyed millions of acres of European vineyards in the second half of the last century and is currently a major problem in California.

But several other organisms also present potential problems to vintners, including the makers of champagne.

Among them is the grapevine fan-leaf virus, which is transmitted to the plant root by a species of roundworm found in the soil. The virus can cause stunted or deformed leaves, scabby branches, and — most importantly — smaller and less numerous fruit.

That's where the biotechnologists come in. Recently, a team of French scientists has succeeded in creating a genetically engineered rootstock capable of resisting the virus.

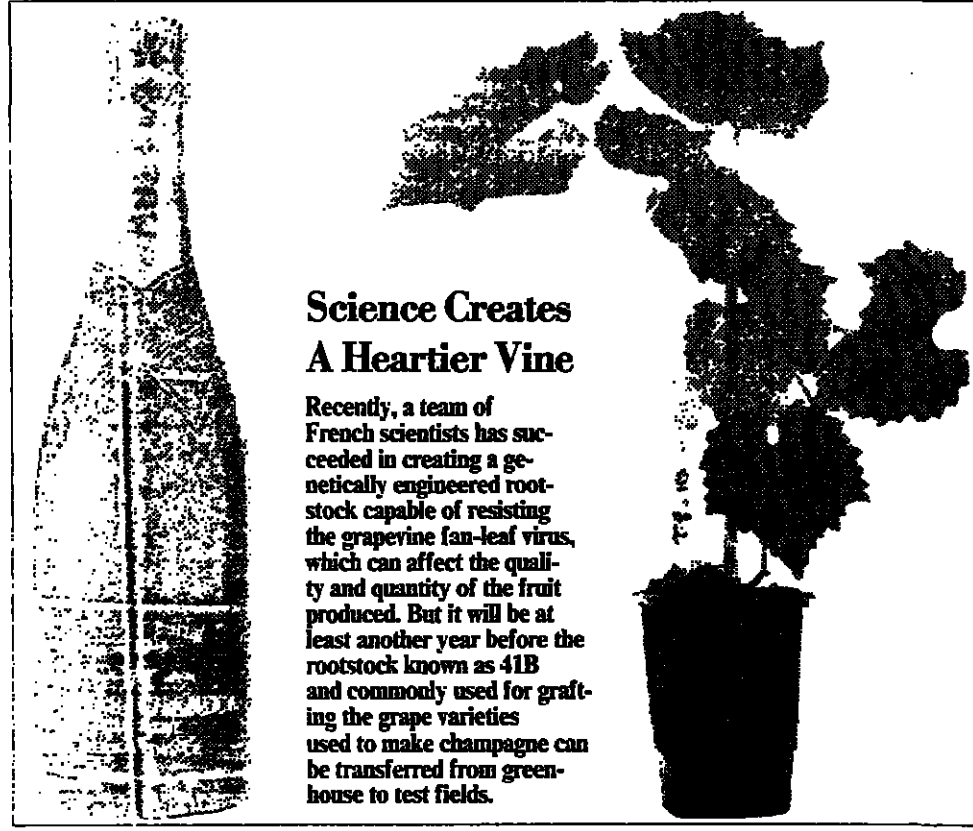
The rootstock, known as 41B, is commonly used for grafting the grape varieties from which champagne is made, usually chardonnay and pinot noir.

Thus, it is no surprise that the research division of Moet Hennessey Louis Vuitton (LVMH), the largest maker of French champagne, is heavily involved.

Other laboratories collaborating in the research include the National Institute for Agronomic Research (INRA) station in the Alsatian city of Colmar, and the National Center for Scientific Research's (CNRS) Institute of Plant Molecular Biology in Strasbourg.

THE grape fan-leaf virus lives in the roundworm's gut and infects the plant as the worm is feeding. Although the damage it causes is not as dramatic as the devastation wreaked by phylloxera and some fungal plant diseases, the long-term effects on production are potentially serious, because the virus can survive up to 40 years in the plant root.

Moreover, the organism can be deadly to younger plants, especial-



Science Creates A Heartier Vine

Recently, a team of French scientists has succeeded in creating a genetically engineered rootstock capable of resisting the grapevine fan-leaf virus, which can affect the quality and quantity of the fruit produced. But it will be at least another year before the rootstock known as 41B and commonly used for grafting the grape varieties used to make champagne can be transferred from greenhouse to test fields.

ly if they are planted in soil that is already heavily infested.

Since the quality of a grape depends in large part on the age of the vine, vintners produce what do everything possible to avoid replanting.

"There is no direct treatment for the virus," said Michel Boulay, head of LVMH's plant research center in Colmar, just northwest of Paris. "The soil must be treated with chemicals to kill the worms, and this has serious environmental consequences."

Mr. Boulay added that other techniques, such as leaving the land fallow, are not economically feasible, because it could take up to eight years before all the worms have died out.

Since the virus is a very simple organism, consisting of little more than an outer protein coat and a core made up of ribonucleic acid (RNA), which contains its genetic material, it seemed to be a good candidate for experimentation.

Using genetic engineering techniques, the researchers spliced the viral gene containing the code for the outer coat protein into the genetic apparatus of the plant root. As a result, the protein is produced in the root, whether or not the virus itself is present.

Exactly why this procedure makes the roots resistant to infection is not clearly understood. The simplest hypothesis, and

thus the most popular among plant scientists, is that the protein's presence disrupts the process by which the virus multiplies inside the plant.

Viruses are completely dependent upon the cells they infect, and hijack the host cell's genetic machinery to replicate themselves. Normally, once the virus has entered a plant cell, it must shed its protein coat so that its RNA is free to attack this machinery.

But according to the hypothesis, if too much protein is already present, the equilibrium is upset and the virus's attempts to jettison its coat are counteracted.

WHATEVER the actual mechanism, the strategy seems to work, and has also been tested successfully in other plants, including tomatoes and potatoes.

But it is one thing to introduce viral genes into plant cells growing in culture, and another to make these cells grow into actual plants. And here there were some technical hurdles to overcome.

Although plant scientists had earlier been able to induce grapevine embryos to grow in a solid culture medium such as the agar familiar to microbiologists, the techniques of gene splicing require that liquid medium be used.

Yet, the researchers found that embryos grown in liquid suspensions produce very few plants, and those that do develop are usually abnormal.

A team led by Pierre Cousteau-Thévenot from the CNRS's Institute of Plant Sciences in Gif-sur-Yvette, a Paris suburb, discovered that the embryos were apparently releasing a substance into the medium that inhibited their own growth, and that this inhibition could be overcome by changing the medium regularly to remove the chemical.

At the moment, about a thousand genetically engineered plants have been produced and are growing in greenhouses.

Yet, despite this initial success, Mr. Boulay cautioned that biotech bubbly is not just around the corner.

It will be at least another year before any of the plants are actually transferred to test fields. And since it takes about eight years for a grapevine to become mature enough to produce wine worth drinking, the purists will not have to worry until fairly early in the next century.

"We must be sure that putting the extra gene into these plants won't influence the quality of the grape," said Mr. Boulay. "It is absolutely necessary that its true character be protected."

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Riviera Sprouts 'Health Pole' for Europe

By Conrad de Aenlle

NICE — After developing a successful high-technology industry centered on electronics and telecommunications, the French Riviera is branching out into health care. The aim of government, business and academic leaders is to develop the Alpes-Maritimes into a "health pole" for Europe, stocked with manufacturers and research institutions.

A number of biotechnology enterprises have opened in and around the Sophia Antipolis science park, doing work in human and veterinary medicine, agriculture and cosmetics. Many of the smaller ones live on contracts from divisions of some of the largest multinational pharmaceutical companies, including the British giant Wellcome, Rhône-Poulenc of France and Allergan of the United States. In between are several medium-sized makers of medical and surgical equipment.

Health care has become the Alpes-Maritimes' second-largest manufacturing industry, with annual revenues of 5.6 billion francs, or \$1 billion, just behind electronics and ahead of data processing, according to figures compiled by the quasi-governmental French Riviera Economic Development Agency.

The roughly 150 companies in the field generate that revenue with only 2,400 employees, meaning that each one produces annual turnover of about 2.3 million francs. This is one reason the region is so coveted of these sorts of businesses. Another is the desire to expand the reputation of Sophia Antipolis as "a city of wisdom, science and technology," as Pierre de LaFitte, the French senator who was the prize mover in the development of the park about 25 years ago, described it. To help achieve that end, "we try very much to develop a cross-fertilization among the different types of research."

It is by taking the intellectual high road, rather than by throwing out fiscal inducements, that regional officials hope to lure drug, medical technology and biotech companies.

"I'm not sure tax incentives are the best way," the senator said. "The best way is to have an attractive intellectual environment, to show that this is a place where things happen on an international scale. That's the way I developed Sophia Antipolis from the beginning."

But money helps, and some has been made

available in the form of subsidies for enterprises that create jobs or modernize, and in tax concessions for research and development spending. Aid is directed primarily at smaller companies that do not have the same access to venture capital that American startups do.

Max Fehlmann, who left as head of the immunology department at the University of Nice about five years ago to start Aster Biotechnologies, credits aid from local authorities with "helping me to be what I am today." His

Health care is the Alpes-Maritimes' second-largest manufacturing industry.

company is developing a technique for purifying blood for fetal diagnosis that is less invasive than amniocentesis. It is also working on a genetically engineered method of contraception for dogs and cats.

After starting Aster, he was able to keep his lab on campus, and he continued to draw his salary for the first year of the company's life. He also received a loan, with interest deferred for five years, from the university and the regional government that he used to invest in facilities.

"The university helped me to leave and start the company," he said. "It was not a lot of money, but it was very helpful because it came early in our development."

But others are not so lucky, he added. They do not have access to funds as he did, as a department head at a large university. What's needed, he said, is "a master plan to help a company at the right time; it's not just the amount of money, but when it's given."

The university does provide a boost to the local health care industry in other ways, though. Through its manpower and facilities, it draws larger, more established businesses in pharmaceuticals and other fields to the Riviera. The campus is noted in France for the strength of its biological science disciplines, and its students often get trained out to local companies to work on advanced degrees.

Much research in the region is done in this way. The companies get relatively cheap labor, the university gets its students educated partly at someone else's expense, and sometimes they

share royalties of products they develop. And both school and business get added prestige that lets them hire better scientists. This process reflects a distinct change in attitude among academicians, a mixing of the high-minded with the pragmatic.

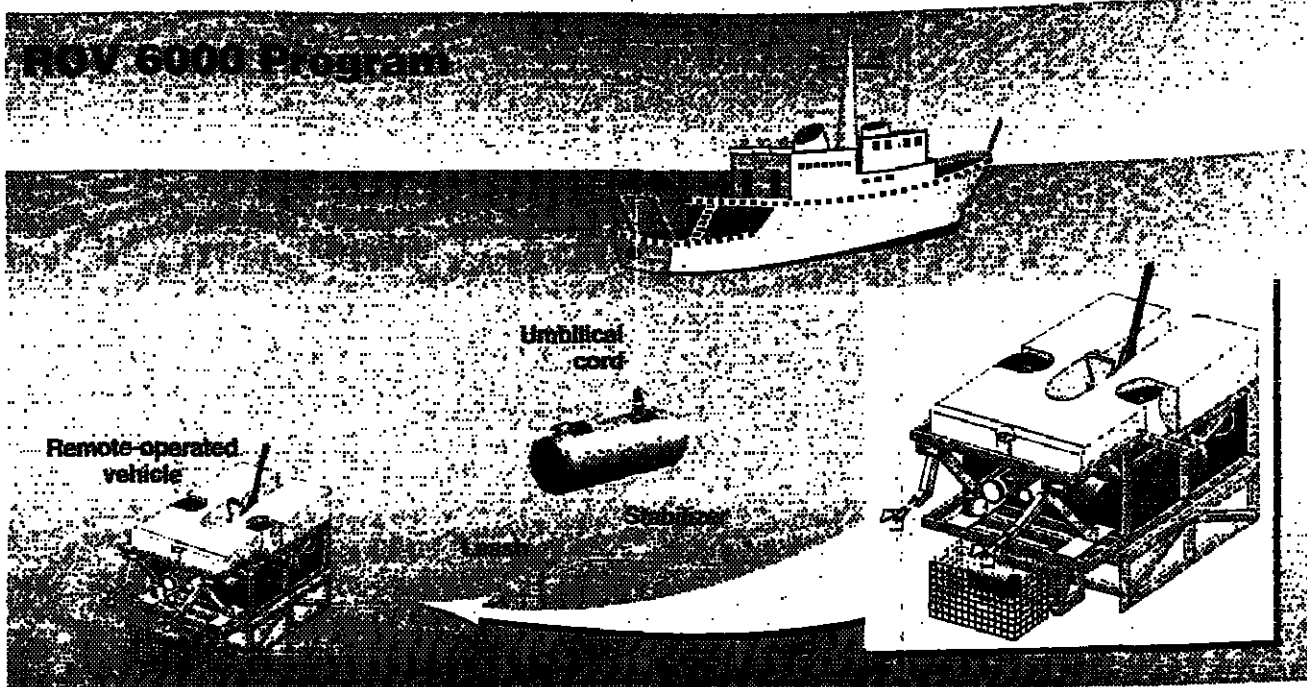
"We have to participate in the advance of knowledge and with this advance find a connection with industry," commented Jean-Pierre Laheurte, the university's vice president in charge of research and technology. "We are always concerned about this. Thirty years ago, people concerned with applications for industry were considered poor workers; the noble thing was to find out how the world works. The majority of people now know they are part of the world and contributing to the economy of the world. They can't stay outside it."

PART of that world is coming to them. There is an assortment of French and European research facilities in the region, with specialties in cancer treatment, immunology, pharmacology, thoracic surgery and treatment of cardiovascular diseases, and international medical organizations.

The newest is the European Heart House, opened last month in Sophia Antipolis by the European Society of Cardiology. When it is fully functioning, the center will offer grants to scientists and provide a research data base and satellite communication links between heart centers across Europe and the Mediterranean. "Having international organizations in Sophia Antipolis is good for the university because it helps us form connections with other countries and foreign companies," said Professor Laheurte. "If we can grab all these people together, we can increase our attraction power."

Once they are grabbed, they must be held on to. Some high-profile multinationals have left the region, mainly for economic reasons. Monsanto's pharmaceutical subsidiary, G. D. Searle, shut down its research center in Sophia in the late 1980s. The center, which had been Searle's sole facility worldwide for toxicology research and had employed 160, was sold to Rhône-Poulenc, said a company spokeswoman, Benedicte Richard. To save money, she said, the work was transferred to the company's headquarters in suburban Chicago.

CONRAD DE AENLLE is a journalist based in Paris.



Robot Subs: A Sea Change in Exploration

International Herald Tribune

Toulon — As scientists make advances in exploring and exploiting the bottom of the sea, they will be doing it more and more without setting a toe in the water. Engineers at the French Research Institute for the Exploitation of the Sea, known as IFREMER, are designing an unmanned, remote-controlled vessel they hope will perform all the functions of manned deep-water subs — seabed mapping, exploration and salvage operations — at much lower cost, greater efficiency and safety.

The main benefit of these "remote-operated vehicles," or ROVs, derives from the simple fact that metal is more durable than flesh. A typical dive in a manned sub lasts 12 hours, with eight spent on the bottom and four getting there and back.

"After that, the pilot and crew are exhausted," remarked Jean Jarry, the director of IFREMER's center in this Mediterranean port. "With robotics, we can observe the bottom 24 hours a day, and there are no human risks. And the ship can be smaller, because an ROV is lighter than a manned submersible, and so the cost of operation is less."

That explains why IFREMER's earlier, much-publicized effort, the manned craft SAGA, turned out to be a massive bust. It was intended for industrial purposes, rather than research, but its high operating costs put off potential corporate clients. "There were no customers for SAGA," Mr. Jarry lamented. "No one needs it or has the money to use it."

He and his colleagues are determined not to let that happen again. IFREMER has lined up a number of partners in industry, the most notable of which is the electronics and defense engineering giant Thomson. The companies will assemble the ROV 6000 at low cost in return for a share of any royalties or other revenues the sub generates. "The objective is to have research projects approved by all mem-

bers of the group, and funded by the partners and regional government," Mr. Jarry said. IFREMER's engineers will draw up all the design specifications, then send them off to the contractors, who will put the machine together, explained the 6000's project manager, Jean-François Drogou. IFREMER will also write the software that will make the ship run.

The timetable calls for the general design work to be completed this year, with the technical specifications to be mapped out early in 1994, Mr. Drogou said. All of the various subsystems should be built by late next year or early 1995, with final assembly taking an additional five months after that. Then there will be a period of underwater trials to work out any kinks before proceeding to operational dives.

The ROV 6000 is designed to dive to 20,000 feet, or 6,000 meters (that's where the name comes from). That's considerably deeper than the maximum 1,000 meters that most ROVs can dive today when they are sent down to accomplish such mundane tasks as checking for faults in oil rigs.

The 6000 will be equipped with two robotic arms and a video camera. As with similar vehicles, a fiber-optic umbilical cord will pipe down power and electronic instructions from a ship on the surface and transmit data and video signals back up. There will also be a device sunk into the water to act as a shock absorber. The cable from the ship will be fed into this device before running down to the sub; a mechanism inside will compensate for any waves that might tug at the cable and jiggle the 6000.

Much of the vessel's time will be spent mapping and photographing the seabed and taking samples to help choose sites for long-term research stations on the ocean floor and to find the best routes for communication cables.

While the 6000 is billed as a research sub only, the 45 engineers and technicians in IFREMER's vehicle lab in Toulon are designing it with an eye toward commercial viability. Mr. Drogou calls it an "evolutionary prototype" of

a line of industrial submarines. "It's a very specific ROV for scientific research in deep oceans," he said. "Some subsystems may be marketed. We put priority in modularity and flexibility, and the software is compatible with future development."

The French are not alone in this line of work. Japan, the United States, Russia, Britain and Italy also engage in advanced submarine research. There is much cross-border cooperation, but also much competition. A Japanese group is beginning trials on an ROV built to reach 10,000 meters below the surface, close to the deepest point in any ocean.

French researchers have won a lot of high-profile work exploring shipwrecks and retrieving artifacts, a skill with commercial and scientific applications that is expected to be part of the 6000's repertoire. IFREMER's only operational ROV, called "Robin," undertook the glamorous mission of rooting around in what's left of the Titanic, about 4,000 meters below the surface of the Atlantic. The sub hunted for treasure and snatched hundreds of objects for a New York group salvaging the liner. Robin is a tiny thing, small enough to be guided into individual stairwells. That made it perfectly suited to the task.

FRENCH teams have been involved in the Titanic salvage project since the wreckage off Newfoundland began to be explored in the mid-1980s. Robin made 15 dives in 15 days; for the use of the sub, IFREMER was paid about 200,000 francs a day, or \$35,000.

Another potential commercial application for ROVs is mining under the seabed, but Mr. Jarry says present technology and economics make this impractical for now. "Mining will perhaps be a 21st-century activity," he said. "There's no market now; underwater minerals are too expensive, compared with minerals on land."

Conrad de Aenlle

Innovation Through 'Cross-Fertilizing'

Continued from page 16

Stauffer Chemical Corp. "R&D is typically centralized and localized," said Mr. Bidaul. "Cross-border cross-fertilization is unique, and it's a good principle." However, he noted that it is usually "quite challenging" to get R&D people from different nationalities and specialties to forge a common bond.

"The challenge," he said, "is to redirect their relationships so they

are not only involved with their networks, but with labs in Italy and Spain."

Mr. Desmarescaux, however, said that has not been a problem at Rhône-Poulenc. "Researchers are curious by nature," he said. "They like to open their minds to new subjects." Instead, he said the biggest challenge to bringing innovations for industry forward is overcoming the resistance, both within the company and in the marketplace, that the innovations spark.

"The people at the top want innovations, but on a day-to-day level, we are dealing with plant managers who will have to learn new methods, and are therefore antagonistic to the innovation," he said. "Therefore, we have to develop a 'plus' that will get the innovation accepted."

For example, the company recently introduced AvCard, a food additive for poultry that promises to almost entirely wipe out the deadly salmonella microbe, but the poultry processors could not

be enticed to change their ways, and invest more money in the product, until the company changed the formula so that in addition to killing salmonella, it also increased the shelf-life of the product.

"Now they see the benefit of this innovation," he said.

JACQUES NEHER is on the staff of the International Herald Tribune.

WHICH COMPANY WITH A PETITE NAME IS THE BIG WHEEL OF THE BOURSE?

ELF.

THUR FRIDA AT THE HOTEL

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Handwritten Arabic text at the bottom of the page.

NYSE

Today's Closing
Table includes the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 Wk High, Low, Last, Chg, % Chg. Lists various stocks and their performance.

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 Wk High, Low, Last, Chg, % Chg. Lists various stocks and their performance.

EC Audit Alleges \$130 Million in Waste

Reveals
STRASBOURG, France — The European Community wasted around 115 million Ecus (\$130.7 million) in 1992 because of bad financial management by the EC Commission and EC countries and through fraud, the EC's Court of Auditors said Tuesday.
'There's much room for improvement in the commissioner's supervision, accounting and control of Community finances but also in the member states' own accounting.' Andre Middelhoek, president of the Luxembourg-based court, told the European Parliament.
In a statement later, the commission said it welcomed the auditors' report but criticized some of the findings because they took no account of political realities. It particularly took exception to the contention that money given to organizers of the 1992 Olympics in France and Spain was wasted.
Presenting the court's audit for 1992, Mr. Middelhoek said the 115 million Ecus was a first assessment of money that had been wrongly spent and was in addition to a 47-million-Ecu shortfall in receipts.
He said the money had been lost through fraud by farmers, especially in the hemp and cotton sectors, and through money being channelled to ineligible regional, social and development programs, often through lax national agencies.
The problem of how if anything was worsened by reforms of the EC's funds to help the poorest regions as the increased outflows of cash had not been accompanied by improved controls.
He said funds earmarked but not spent at the end of the year had also not been returned due to the complexity of rules and procedures.

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 52 Wk High, Low, Last, Chg, % Chg. Lists various stocks and their performance.

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INTERNATIONAL FUNDS

Nov. 16, 1993

Questions supplied by funds listed, but most asset allocations are supplied by the Funds listed with the exception of some (shown based on issue prices). The smallest symbols indicate frequency of questions supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (f) - fortnightly (every two weeks); (r) - regularly; (t) - twice weekly; (m) - monthly.

Large table listing various international funds with columns for fund name, asset allocation, and other details. Includes sections for 'Other Funds' and 'To our readers in Austria'.

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.

SPORTS

One Island, 2 Teams and an Irish Coach's Farewell

9 Unresolved Issues

By Ian Thomsen

International Herald Tribune
BELFAST — "There's only one team in Ireland," Billy Bingham heard them sing. "There's only one team in Ireland," and he began to count the days. "There's only one team in Ireland..."

"I want revenge," he said, his anger hiding behind glasses and a smile, which makes the threat more effective, somehow, than Jack Charlton's glowering ever could. It has been eight months since the Ireland fans so serenaded Bingham.

"Was it eight months?" said Bingham, 62, the manager of Northern Ireland. It seems more recent, but that is the power of song. On Wednesday night, in his dressing room undernath troubled Windsor Park here, in a neighborhood loyal to Britain, he will decide whether to remind his players of their 3-0 qualifier loss to the Republic in Dublin.

Probably, he guessed Tuesday, he will not have to motivate them. They will look at the only international manager they have ever known and hear the thunder of their fans singing, 90 minutes before his good-bye.

There are two teams in Ireland, and there are troubles. Only the Republic can qualify for the World Cup finals next year in America, and only the north can ruin

that chance. There will be more talent in stadiums like Seville's, larger audiences in Buenos Aires and Milan, and more scoring (so England hopes) in Bologna, as the final nine places in the 24-nation tournament are decided Wednesday in South America and Europe.

But nowhere will there be a game more important than the one played here before 10,000 screaming witnesses who have seen their friends and enemies die over this argument, symbolized by this meeting of north and south and one ball between them.

When the troubles were renewed by 27 killings last month, the Republic sought to have the game moved to neutral Germany or England, for security's sake. For the sake of the competition and its own sense of hope, Northern Ireland insisted that it be here.

Even in the early 1970s, when the troubles were far greater, said Bingham, sport remained largely untouched. As much as local officials emphasize the sporting nature of the event, the greater goal is to unify the province. Let the people scream their lungs out, and let no one be hurt.

Fans will encounter four security checks within a quarter-mile of the stadium. A guarded walking route to the stadium has been plotted for the few hundred fans

expected to risk crossing the border for the match, in spite of Ireland's warnings. As they will not be segregated from Northern supporters, they've been told to keep their scarves in their pockets and their cheers mild.

The Ireland manager, Charlton, had requested that his team remain until Wednesday afternoon in a heavily secured

There are two teams in Ireland, and there are troubles. Only the Republic can qualify for the World Cup finals, and only the north can ruin that chance.

hotel at Carrickmacross, a short bus ride south of Belfast. But the international soccer federation, FIFA, insisted per regulations that the visiting team arrive 24 hours before kickoff, requiring Ireland to fly north Tuesday and be escorted by armored police vehicles to a hotel chosen after four changes of mind.

A loss will eliminate Ireland, while a

draw will put it at the mercy of Group 3 leaders Denmark and Spain. Only a victory will assure Ireland its place in the finals for only the second time in its history — one fewer than the appearances made by Bingham, as a player (in 1958) and coach (in 1982 and 1986) for Northern Ireland.

There's only one team in Ireland? Then it was in Northern Ireland until 1986, when the Republic hired the Englishman Charlton, who managed Ireland to the 1990 World Cup by recruiting a largely British cast with traces of Irish blood. Only five of his starters were born in Ireland, which

bothers not at all so long as he keeps winning, but ruffles Bingham. Of his 18 players, 16 were born in Ulster.

"At least our team is of Irish extraction and not full of mercenaries," Bingham said this week.

A victory would be the greatest moment for Bingham since he decided six years ago to stay on, even though his best team was breaking up. After 17 years, he has decided that this night will be his last. His cheerily delivered warnings of a partial audience, mixed with the omnipresent threat of violence and Ireland's own uncertainty following its 3-1 loss at home to Spain last month, have created a home advantage more frightening than any visitor should face.

On the eve of his farewell, Bingham followed his players' cleats cracking on the blacktop outside their hotel. Across the road grazed six black and white cows. Around the building and through a doorway of barbed wire he found himself walking across an immense field beneath a pale blue sky. They laughed through their drills like schoolboys.

White hair and the kindest eyes were shadowed by a domed, checkered cap. A jacket was fastened over his belly. The only smell was of fresh grass. His players made every noise, and he was light on his feet among them. It was a happy afternoon before Wednesday.

Police Dismiss U.K. Paper's Offer
A British tabloid's offer to pay Polish soccer players £10,000 (\$14,000) each if they beat the Netherlands in Poznan on Wednesday has been greeted as an insult in Poland. The Associated Press reported from Warsaw.

"We will play for ourselves and for the Polish fans only," said Poland's captain, Robert Warzycha.

Poland would have to beat the Dutch by one goal and England would need to beat San Marino by seven goals to qualify for the World Cup.

SIDELINES

Lifter Makes Up for Missed Olympics

MELBOURNE (AP) — Altynurad Orzardurdiv of Turkmenistan made amends on Tuesday for the greatest disappointment of his life, winning two gold medals in the 76-kilogram division at the world weightlifting championships.

Orzardurdiv was withdrawn from the Commonwealth of Independent States team just two hours before he was due to lift at the 1992 Olympics. The only explanation he was given by his coach, Vasily Alexeyev, was that he would "get in the way" of the Russian Ibragim Samadov, who went on to win the bronze medal in the 82.5-kilogram class.

Orzardurdiv, who now lifts for Turkmenistan following the collapse of the Soviet Union, hoisted 167.5 kilograms (369.25 pounds) in the snatch and 202.5 in the jerk. Rouslan Safchenko of Ukraine lifted the same total but placed second because his body weight was .03 kilogram heavier than Orzardurdiv's. Kim Myong Nam of North Korea took the overall bronze. Safchenko took the gold in the snatch, ahead of Kim and Orzardurdiv, while Orzardurdiv took the jerk gold ahead of Safchenko and Khachatour Kapanaktsian of Armenia.

Li Hongyun clinched China's fourth straight title in the women's competition by sweeping the gold medals in the 64-kilogram final. Won Soon-li of South Korea was second overall, while Julie Malenfant of Canada was third overall. Erzsébet Markus of Hungary took the silver in the snatch and Woa the bronze, while Won took the silver in the jerk and Yuriko Takahashi of Japan the bronze.

Replacements Work NHL Games

TORONTO (AP) — After referees and linesmen began their first full strike in National Hockey League history, replacements worked three games while talks broke off between the league and its regular officials.

About 70 officials from minor, pro and junior leagues have been hired to handle the work usually done by the 58 members of the NHL Officials Association. The new referees and linesmen handled a three-game schedule on Monday night — Montreal at Ottawa, Edmonton at Toronto and Winnipeg at Calgary. There were no significant incidents or complaints, and no picket lines at the arenas. The new referees are being paid \$800 a game and the linesmen are earning \$500. On Tuesday night, they will work four games.

For the Record

The 1997 World Track and Field Championships will be held in Mexico City, the International Amateur Athletic Federation announced on Tuesday. (Reuters)

The Cuban diver Roger Ramirez, 19, asked for political asylum in Puerto Rico on Monday, two days after he disappeared from his country's delegation to the Central American and Caribbean Games. (AP)

Baltimore: Jacksonville, Florida; Memphis, Tennessee; and St. Louis, Missouri, have renewed their applications for a National Football League expansion franchise, with a third group from Baltimore entering the bidding. Baltimore's new bid, made Monday, has the backing of Maryland's governor and gives the league six applications from four cities for the new franchise. The choice will be made on Nov. 30. (AP)

Paul Holmgren was replaced on Tuesday as coach of the National Hockey League's Hartford Whalers by assistant general manager Pierre McGuire. (AP)

1994 World Cup Qualifying

Twenty-four teams will compete in the 1994 World Cup finals. The final nine berths will be decided Wednesday: eight from Europe and one from an interzone playoff between Australia and Argentina.

Europe: The top two teams in each European group will qualify for the 1994 World Cup.

Interzone playoff: The winner of this second leg will qualify. If the match ends in a draw, a playoff will be held on neutral ground. The first leg ended in a 1-1 draw last month in Australia.

Tiebreakers: There will be no penalty shootouts to break ties. If two teams are tied in the standings, a winner will be decided on the basis of: 1 number of points; if still tied: 2 goal difference; if still tied: 3 higher number of goals scored; if still tied: 4 results against each other; if still tied: 5 playoff match on neutral ground.

GROUP 1	P	W	D	L	GF	GA	Pts
Italy	9	6	2	1	21	7	14
Portugal	9	6	2	1	18	4	14
Switzerland	9	5	3	1	19	6	13
Scotland	9	3	3	3	12	13	9
Malta	9	1	1	7	3	21	3
Estonia	9	0	1	8	1	23	1

GROUP 2	P	W	D	L	GF	GA	Pts
Norway	10	7	2	1	25	5	16
Netherlands	9	5	3	1	26	8	13
England	9	4	3	2	19	8	11
Poland	9	3	2	4	9	12	8
Turkey	10	3	1	6	11	19	7
San Marino	9	0	1	8	1	39	1

GROUP 3	P	W	D	L	GF	GA	Pts
Denmark	11	7	4	0	15	1	18
Spain	11	7	3	1	26	4	17
Ireland	11	7	3	1	18	5	17
N. Ireland	11	5	2	4	13	12	12
Lithuania	12	2	3	7	8	21	7
Latvia	12	0	5	7	4	21	5
Albania	12	1	2	9	6	26	4

Qualified: None
Key matches: Italy vs. Portugal
Switzerland vs. Estonia
Italy will qualify with a draw. Portugal must win to qualify. Switzerland will qualify with a two-goal victory.

Qualified: Norway
Key matches: Poland vs. Netherlands
San Marino vs. England
The Netherlands will qualify with a draw. If the Dutch lose by one goal, England will qualify if it beats San Marino by seven.

Qualified: None
Key matches: Spain vs. Denmark
Northern Ireland vs. Ireland
Denmark will qualify with a draw. Spain and Ireland both need to win to assure qualification.

GROUP 4	P	W	D	L	GF	GA	Pts
Belgium	9	7	0	2	16	5	14
Romania	9	6	1	2	27	11	13
Czechoslovakia	9	4	4	1	21	9	12
Wales	9	5	2	2	18	10	12
Cyprus	10	2	1	7	8	18	5
Faeroe I.	10	0	0	10	1	38	0

GROUP 5	P	W	D	L	GF	GA	Pts
Russia	7	5	2	0	15	3	12
Greece	7	5	2	0	9	2	12
Iceland	8	3	2	3	7	6	8
Hungary	8	2	1	5	6	11	5
Luxembourg	8	0	1	7	2	17	1

GROUP 6	P	W	D	L	GF	GA	Pts
Sweden	10	6	3	1	19	8	15
France	9	6	1	2	16	8	13
Bulgaria	9	5	2	2	17	9	12
Austria	10	3	2	5	15	16	8
Finland	10	2	1	7	9	18	5
Israel	10	1	3	6	10	27	5

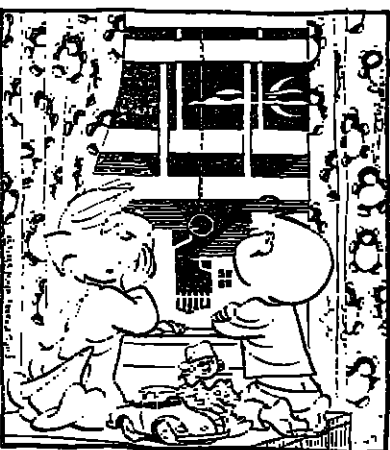
Qualified: None
Key matches: Wales vs. Romania
Belgium vs. Czechoslovakia
Wales will qualify with a two-goal victory. Both Romania and Belgium will qualify with a draw. Czechoslovakia must beat Belgium to qualify.
*RCS - Representation of Czechs and Slovaks

Qualified: Russia, Greece
Greece must beat Russia on Wednesday to finish first in the group.

Qualified: Sweden
Key match: France vs. Bulgaria
A draw in Paris would secure France's berth, while Bulgaria needs a victory.

Source: Reuters

DENNIS THE MENACE



"People used to wish upon a falling star. I think that was before they had catalogs."

JUMBLE — THAT SCRAMBLED WORD GAME

Unscramble these four words. Write the letters in the boxes to form four ordinary words.

DICHE _____

LIDAP _____

TARROO _____

SEXICIE _____

Answer here: _____

Answers tomorrow: JUMBLE, BLOOD, ARBOR, MYSELF, LAWFYER

Yesterday's: Answer: How many letters there is to me — WA FLOUREN BED

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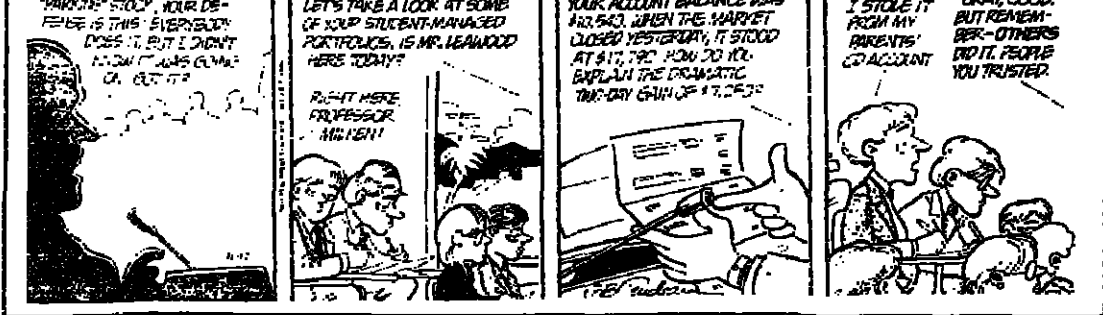
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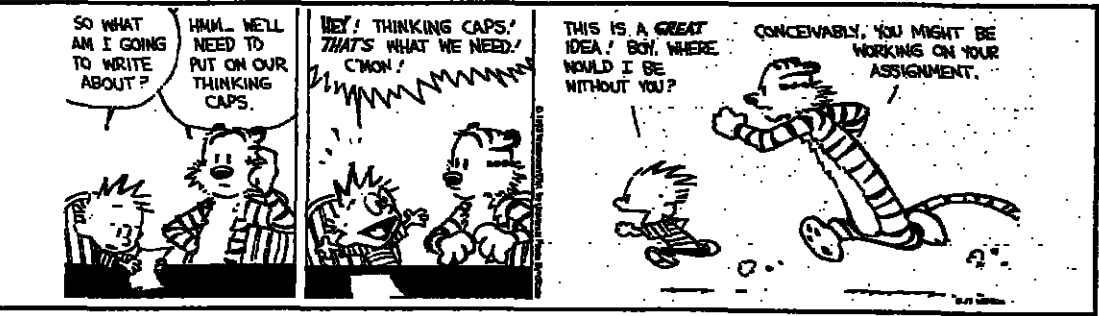
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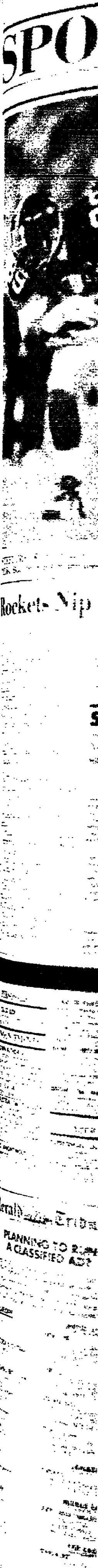
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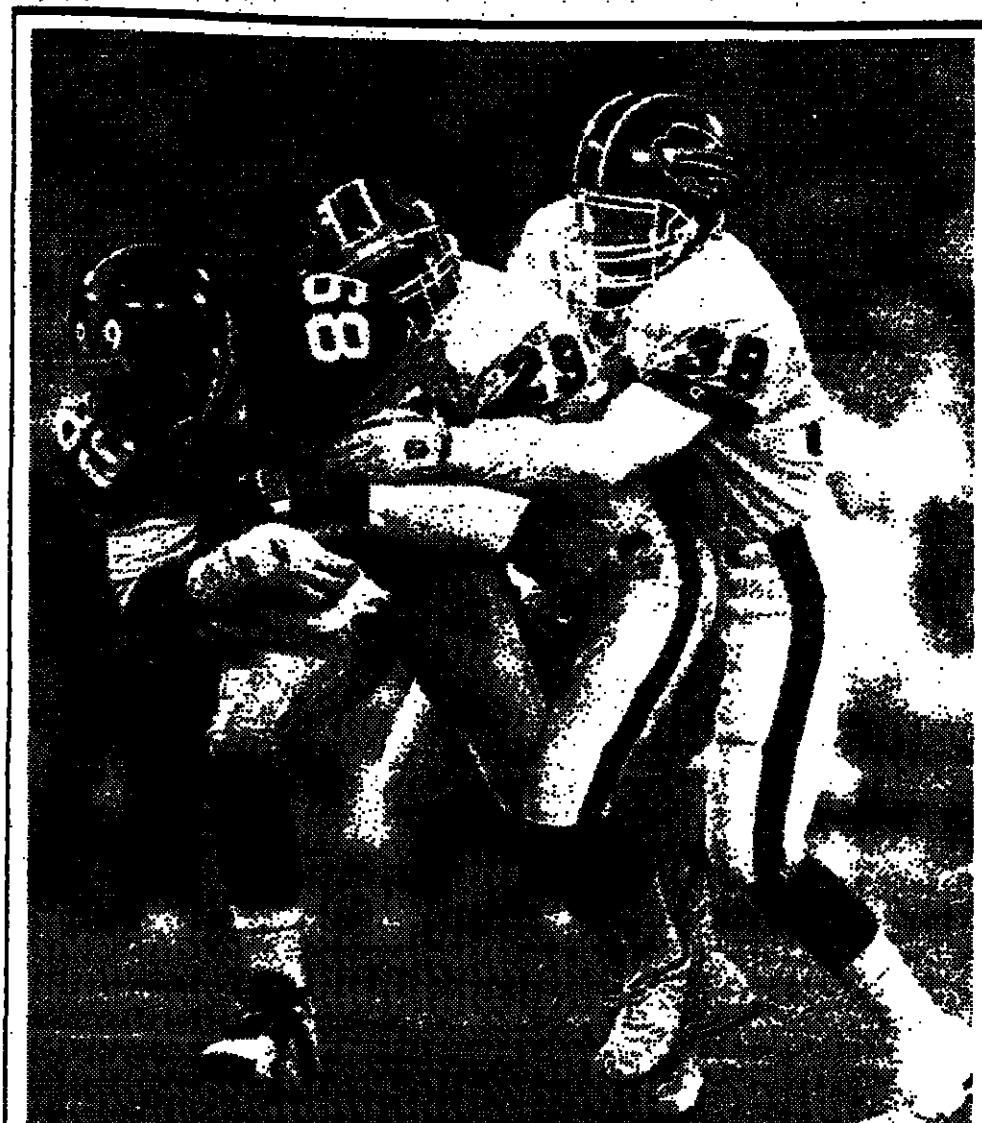
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GARFIELD



SPORTS



STEELERS CRUSH BILLS — Buffalo's James Williams and Mark Kelso hounding down Eric Mills. But the Steelers prevailed in the National Football League game in Pittsburgh, 23-0.

Chang Topples Courier in ATP Opener

The Associated Press FRANKFURT — Some quick footwork carried Michael Chang to an upset 6-4, 6-0 victory over Jim Courier on Tuesday in the opening match of the ATP Tour World Championship...

"It all worked well for me tonight." The championship pits the top eight players in the world, who are split into two groups. Courier remains in the running despite the defeat...

but he was sharp against his fellow American on the indoor carpet surface in Frankfurt's Festschule. He ran from corner to corner to reach Courier's powerful shots...

Rockets Nip 76ers to Stay Unbeaten

PHILADELPHIA — Hakeem Olajuwon scored 21 points and Matt Bullard sparked a fourth-quarter surge as the unbeaten Houston Rockets defeated the Philadelphia 76ers, 88-84, for their sixth straight victory.

The teams battled evenly in the first half, with neither gaining more than a six-point edge. The Sixers were ahead 46-45 at halftime, led by Clarence Weatherspoon, who had 15 points, connecting on seven of eight shots.

Putting on the Glitz: Smoke and Lasers for Tennis?

By Christopher Clarey Special to the Herald Tribune FRANKFURT — "There should be smoke and lasers," said Luke Jensen, an inmate with plenty of ideas on how to run the asylum.

Miles, the tour's chief executive officer. "But it's good to shake them up." To hear the clothes manufacturers, television executives and player agents who shared the dais with Jensen, the tennis world could use a good firm shake.

might work at an indoor event in Detroit, but I don't think that's going to fly at the events that have that core audience which comes to watch good tennis.

SCOREBOARD

Table with columns for Basketball (NBA Standings, Eastern Conference, Western Conference) and Football (NFL Standings, American Conference, National Conference).

Table with columns for NHL Standings (Eastern Conference, Western Conference) and Montreal Canadiens (Eastern Conference).

Table with columns for Western Conference (NBA Standings) and Montreal Canadiens (NHL Standings).

Table with columns for Montreal Canadiens (NHL Standings) and various sports news snippets.

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OBSERVER

Capitalism's Bleak Side

By Russell Baker
NEW YORK — The bleak side of capitalism is the ruin it leaves behind after, having worked its magic, it moves on. Backers of the North American Free Trade Agreement are naturally reluctant to dwell on this gritty historical fact, yet there is something cruel, offensive and faintly dishonest in their argument that any pain felt by the working classes will be only a "short-run" experience.

miserable. In the United States it has left ruined New England mill towns, a "rust belt" of ruined steel towns, ruined railroad towns from one end of the continent to the other and, most recently with more to come, ruined auto towns like Flint, Michigan.

The argument comes easily to people with the financial security required to live in the "long run." Corporate America and the Washington establishment, both ardent for this agreement, consist of people who can afford to wait for the year of Jubilee.

The problems created when capitalism visits these periodic ruins upon us include despair, anger, misery, hatreds, social upheaval and the rise of new political ideas, some dangerously crackpot, others as dangerously intellectual as Karl Marx's communism, one result of the ruins of the Industrial Revolution.

Some sort of dangerous economic disturbance is obviously in progress. American labor is being priced out of jobs by East Asian workers who will do the same work for less. American retailers now fill their racks with low-priced clothing made by sweated child labor in South Asia.

The truth most likely is that the agreement will indeed bring benefits in the long run to something called "society," which will include the comfortable people now hot for free trade. History, both modern and antique, suggests that it will also bring a great deal of ruin to the people who now fear losing their jobs.

Even more alarming is the recent trend in industry's extensive firings: first, blue-collar workers, then white-collar people, then lower-level technicians, and now middle- and upper-management people. Some say this is the work of the computer, which enables industry to keep production high while drastically cutting employment.

An unpleasant characteristic of capitalism is the ruination it periodically creates: ruined landscapes, ruined societies, ruined people. Since capitalism is the national dish, we ought to be aware of this dark side of its nature so we can be ready to soften its nastiest results as it rolls back from place to place. First, then suddenly skipping town and leaving a wasteland behind.

In brief, the people who say it's a new world and we'd better face it quickly have a point. Unfortunately, they are not being honest about the price many people will have to pay. In this computerized world they don't even talk much about maybe retaining old-timers who are potential losers to use computers. This isn't surprising; our schools don't even prepare many young people to qualify for employment in this new cybernetic America.

New York Times Service

The Wave of Poetry Slams: A Rap With Allen Ginsberg

By Mike Zwerin
International Herald Tribune

PARIS — Poet Allen Ginsberg is grateful for being made a Chevalier des Arts et Lettres last week because the recognition "gives me a moment to shoot off my mouth."

Culture Minister Jacques Toubon pinned the ribbon on Ginsberg's lapel and said he deserved it despite any cultural conflict between their two countries over GATT. He said that, along with American Beat writers like Gregory Corso and William Burroughs, Ginsberg had lived in France and taken something from French culture and repaid the debt by leaving his imprint on a generation of French intellectuals.

"Obviously he has read my poems," Ginsberg said the next day in a small hotel not far from the Eiffel Tower. "He said things that would never be said by officials in America." He was interrupted by a call from Greece.

He does not smoke, drink or eat meat. A macrobiotic diet, he says, cured his diabetes. Sixty-seven years old, Guggenheim fellow in poetry, Buddhist, gay activist, member of PEN and the American Institute of Arts and Letters, the man once called "the Pied Piper of a revolution that never quite happened" is still vigorous and a boss mouth-shooter. He was not amused when informed that Sylvester Stallone had received the same medal.

"A French right-wing government awards me a medal for cultural achievement," he said, "while in America Jesse Helms put through a law, signed by Reagan, directing the FCC [Federal Communications Commission] to ban so-called 'indecent language' from TV and radio between 8 A.M. and 6 P.M. This means that students who read my poems 'Howl' and 'Kaddish' and Burroughs's 'Naked Lunch' in school cannot hear them during their classed hours. I debated a member of the FCC who produced a copy of 'Howl' and said this was a perfectly acceptable poem. He said I could read it on the radio. All I'd have to do is cut a couple of paragraphs."

He paused with a wry grin and paranoid eyes, letting the twisted poetic license sink in: "So before the American government complains about other states interfering with culture they ought to put their money where their mouth is at home." He speaks quickly leaving the impression that his agenda is ours, or should be. There is no time for humor with so much essential information to communicate. He would like us all to see with his perspective, which he does not question. His own agenda and essential information merge. Subjective accomplishment is objective news. He is comfortable plugging himself, his plugs plug us too. The names and credits he drops are inherent to the big picture. Record producer Hal Willner, for many years the musical director for "Saturday Night Live," is putting together "Allen Ginsberg: Audio History," a 4-CD box. It will

include a reissue of his record with avant-garde rockers Arto Lindsay and Bill Frisell, he sings a song with Jack Kerouac, reads from William Blake accompanied by the drummer Elvin Jones; and he recites and sings his poetry, blues songs and waltzes with Bob Dylan. Some of the Dylan material was originally produced by (the elder) John Hammond. "Some improvised stuff, some stuff that I prepared." (He appeared with Dylan in the movies "Renaldo and Clara" and "Don't Look Back.")

A few years ago the French baccalaureate exam had "a lot of questions about my poetry." The Parisian publisher Christian Bourgois, who was present at the award ceremony, is reprinting French translations of "Howl," "Kaddish" and "Reality Sandwiches." Bono, lead singer with the big-time Irish rock band U2, attended Ginsberg's recent reading in Dublin. "He dug a couple of my poems," Ginsberg said. "Humboon" for example, and asked me to recite them in synch with some of their tracks for a TV blockbuster they are preparing. He showed me some of the footage while I was in the studio. "This is total Burroughs cut-up method," he told me. He's read my poetry. He's really open."

On sabbatical from his post as Distinguished Professor of English at Brooklyn College, riding the crest of the wave of so-called "Poetry Slams," which he compares to jazz cutting sessions, Ginsberg has been traveling around Europe since Sept. 6, "having a good time and reading from my works. My books are selling again, my readings are sold out. There is a revival of '50s and '60s poetry in Europe and the United States."

He credits rap with a role in the revival of spoken poetry: "Poets began coming out of the woodwork, local poets coming on like rap stars. First we had suppression of words with disco and then rap put them back on top. About a third of my audience are students looking for something beyond the yuppie exhaustion, beyond Marxism and beyond Pat Buchanan's theopolitical conservative blanket."

His tour, which will end Dec. 22 in Athens, includes teaching and reading in Vienna, Belfast, Oslo, Warsaw, Berlin, Prague, Barcelona, Madrid and Paris. The most meaningful stop so far was Belgrade: "I drove from Budapest with my Hungarian translator, who is also a playwright. The Hungarian border guards knew who I was. We had been invited by theater people, pacifists, and dissidents under the auspices of the Soros Foundation. I've read there many times. My books have been translated into Macedonian and Serbo-Croat. So I already knew many people there. A large majority of them said that the cultural blockade is an enormous error. It cuts the dissidents off from the outside world."

"It is not generally known, but there was a large student strike against the war last summer. They marched, blocked streets, occupied school buildings. They expected outside support but everybody ignored them. So the students said, the way it was told to me: 'Well, if nobody's interested we might as well get back to normal life and change money on the black market.' That was their idea of normal life. 'Tell Bob Dylan to come,' they told me. 'Tell rock bands, poets and theater groups that we need a cultural hitcocking instead of a blockade. Spend the money on culture not bombing. Bombing would only strengthen the government monopoly of the mass media.'"



Benedicted Ginsberg: "My books are selling again, my readings are sold out."

A journalist called asking for an interview. He made an appointment, and continued shooting off salves: "The theopolitical neo-conservative right in the United States is using the language and logic of past authoritarian regimes. For Stalin it was 'elitist individualism.' Hitler railed against 'degenerate art.' Maoist China declared war on 'spiritual corruption.' Which are terms Pat Robertson and Jesse Helms are using. "William Burroughs has said that during the '30s, Hitler was the only one offering a vision. Everyone was offering that, but who was offering anything else? The end of Marxism and Maoism has left the young generation with nothing of their own. Until some genuine vision of the future and survival of the planet is proposed, people will be off their rockers and prey to demagogues. The proposition I've been proclaiming is that anything we do that causes mass suffering is worth doing." A photographer arrived to take his picture. Ginsberg said: "Maybe I should put on my medal."

PEOPLE

The Diana Gym Photos: A Deed Done on a Dare

Bryce Taylor, who owns the LA Fitness Club, says he secretly took photographs of Princess Diana working out in a Jacuzzi after friends dared him to do it. Speaking in an interview on television New Zealand, Taylor said: "They said, 'Well, go on, we'll dare you — you'll never do it.' He also says he needed the money. The Mirror Group Newspapers reportedly paid him more than \$175,000 for the photos, which were published in the Sunday Mirror and then in the Daily Mirror. Diana is suing Taylor for breach of contract. ... Prince Charles has had such runaway success with a cracker made from organic oats and wheat grown on his farm that he has launched a new ginger-flavored range. All profit from the crackers, sold in recyclable packages, go to charities chosen by Charles."

Leona Helmsley, the Queen of Mean, has fired the law firm that represented her successfully in her battle for early release from federal prison, where she was serving a term for tax evasion. Now serving out the brief remainder of her sentence at a halfway house, Leona is back in high gear, visiting her Helmsley real estate empire office every day. She fired Shea & Gould while it was defending her in a current multimillion-dollar lawsuit brought by William Miller, former head of the Helmsley realty company whom Helmsley fired in 1989. She fired...

George Burns and Cassius Palace are banking on his 100th birthday. The 97-year-old comic had talked of playing the London Palladium when he reaches 100. But his manager, Irving Fein, said Cassius offered Burns a contract — terms not disclosed — to play Cassius Palace in Las Vegas on Jan. 29, 1996.

Karen Carpenter's brother, Richard, pledged \$1 million for a new performing arts arena at California State University at Long Beach named for the 1970s singing duo. Karen Carpenter died in 1983 at age 32 of cardiac arrest after having suffered from anorexia nervosa.

INTERNATIONAL CLASSIFIED
Appears on Pages 8, 15 & 21.

WEATHER

Weather forecast section including Europe, Asia, Africa, Latin America, and Oceania. Includes a map of Europe and text forecasts for various regions.

CROSSWORD

Crossword puzzle section with 'ACROSS' and 'DOWN' clues, a grid, and a solution to a puzzle from Nov. 16.

Large advertisement for AT&T Access Numbers. Features the headline "I wonder if the little guy had fun today?" and a list of international access numbers for various countries.

Vertical text on the right edge of the page, including "From 1" and "Kiosk".